

040-GBN

<p>In re:</p> <p>UNISON HEALTHCARE CORPORATION, and related proceedings,</p> <p>Federal I.D. No. 86-0684011</p> <p>Debtors.</p> <p><u>APPLICABLE DEBTOR(S)</u> (Check)</p> <p>UNISON HEALTHCARE CORPORATION (Case No. 98-06583-PHX-RGM) <input checked="" type="checkbox"/></p> <p>SUNQUEST SPC, INC. (Case No. 98-06584-PHX-SSC) <input checked="" type="checkbox"/></p> <p>BRITWILL HEALTHCARE COMPANY (Case No. 98-06585-PHX-SSC) <input checked="" type="checkbox"/></p> <p>BRITWILL FUNDING CORPORATION (Case No. 98-06602-PHX-CGC) <input checked="" type="checkbox"/></p> <p>MEMPHIS CLINICAL LABORATORY, INC. (Case No. 98-06588-PHX-CGC) <input checked="" type="checkbox"/></p> <p>AMERICAN PROFESSIONAL HOLDINGS, INC. (Case No. 98-06587-PHX-GBN) <input checked="" type="checkbox"/></p> <p>AMPRO MEDICAL SERVICES, INC. (Case No. 98-06609-PHX-GBN) <input checked="" type="checkbox"/></p> <p>GAMMA LABORATORIES, INC. (Case No. 98-06611-PHX-SSC) <input checked="" type="checkbox"/></p> <p>SIGNATURE HEALTH CARE CORPORATION (Case No. 98-06591-PHX-SSC) <input checked="" type="checkbox"/></p> <p>BROOKSHIRE HOUSE INC. (Case No. 98-06608-PHX-RGM) <input checked="" type="checkbox"/></p> <p>CHRISTOPHER NURSING CENTER, INC. (Case No. 98-06596-PHX-JMM) <input checked="" type="checkbox"/></p> <p>HENDERSON & ASSOCIATES REHABILITATION, INC. (Case No. 98-06599-PHX-SSC) <input checked="" type="checkbox"/></p> <p>SHERWOOD HEALTHCARE CORP. (Case No. 98-06610-PHX-SSC) <input checked="" type="checkbox"/></p>	<p>AMBERWOOD COURT, INC. (Case No. 98-06597-PHX-RGM) <input checked="" type="checkbox"/></p> <p>THE ARBORS HEALTH CARE CORPORATION (Case No. 98-06598-PHX-CGC) <input checked="" type="checkbox"/></p> <p>LOS ARCOS, INC. (Case No. 98-06603-PHX-RGM) <input checked="" type="checkbox"/></p> <p>PUEBLO NORTE, INC. (Case No. 98-06604-PHX-RTB) <input checked="" type="checkbox"/></p> <p>RIO VERDE NURSING CENTER, INC. (Case No. 98-06606-PHX-CGC) <input checked="" type="checkbox"/></p> <p>SIGNATURE MANAGEMENT GROUP, INC. (Case No. 98-06605-PHX-GBN) <input checked="" type="checkbox"/></p> <p>CORNERSTONE CARE CENTER, INC. (Case No. 98-06595-PHX-RTB) <input checked="" type="checkbox"/></p> <p>ARKANSAS, INC. (Case No. 98-06590-PHX-GBN) <input checked="" type="checkbox"/></p> <p>DOUGLAS MANOR, INC. (Case No. 98-06589-PHX-CGC) <input checked="" type="checkbox"/></p> <p>SAFFORD CARE, INC. (Case No. 98-06593-PHX-RTB) <input checked="" type="checkbox"/></p> <p>REHABWEST, INC. (Case No. 98-06594PHX-CGC) <input checked="" type="checkbox"/></p> <p>QUEST PHARMACIES, INC. (Case No. 98-06586-PHX-RGM) <input checked="" type="checkbox"/></p> <p>SUNBELT THERAPY MANAGEMENT SERVICES, INC. (ALABAMA) <input checked="" type="checkbox"/></p> <p>DECATUR SPORTS FIT & WELLNESS CENTER, INC. (Case No. 98-06601-PHX-SSC) <input checked="" type="checkbox"/></p> <p>THERAPY HEALTH SYSTEMS, INC. (Case No. 98-06600-PHX-GBN) <input checked="" type="checkbox"/></p> <p>SUNBELT THERAPY MANAGEMENT SERVICES, INC. (ARIZONA) <input checked="" type="checkbox"/></p> <p>CEDAR CARE, INC. (Case No. 98-06612-PHX-GBN) <input checked="" type="checkbox"/></p>	<p>FIRST AND FINAL FEE APPLICATION</p> <p>NAME OF APPLICANT: SQUIRE, SANDERS & DEMPSEY, LLP</p> <p>ROLE IN THE CASE: Attorney for Debtors and Debtors-in-Possession</p> <p>CURRENT APPLICATION: Fees Requested \$1,295,376.90 Expenses Requested \$ 229,751.99 Total Requested \$1,525,128.89</p> <p>Retainer Paid \$94,000.00</p>
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FILED
FROM OVERNIGHT BOX

MAR 29 1999

CLERK OF SUPERIOR COURT
PHOENIX DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

9308

BRITWILL INVESTMENTS-I, INC.)
 (Case No. 98-0173-PHX-GBN))
 BRITWILL INVESTMENTS-II, INC.)
 (Case No. 98-0174-PHX-GBN))
 BRITWILL INDIANA PARTNERSHIP)
 (Case No. 98-0175-PHX-GBN))

FIRST AND FINAL FEE APPLICATION

APPLICATION PERIOD: **MAY 28, 1998 THROUGH JANUARY 31, 1999**

Names of Professionals Paraprofessionals	Year Admitted to Practice	Hours Billed		Rate 1998/1999	Total for Application 1998/1999
		Current Application 1998/1999	Application 1998/1999		
<u>PARTNERS</u>					
T.J. Salerno	1982	760.7/130.0		\$305/330	\$232,013.50/42,900.00
C.D. Hansen	1982	23.6/2.5		305/330	7,198.00/ 825.00
D.A. Wall	1982	30.5/76.6		325/345	9,912.50/26,427.00
C.D. Johnson	1977	133.5/12.8		305/320	40,717.50/ 4,096.00
M.B. Axler	1980	26.1/8.0		295/325	7,699.50/ 2,600.00
R. Gurbst	1971	48.8/0.0		310/325	15,128.00/ 0.00
C.A. Draucker	1977	1.8/0.0		275/295	495.00/ 0.00
R.J. Eidnier	1982	1.6/0.0		275/295	440.00/ 0.00
T.G. Havener	1987	16.4/0.0		230/245	3,772.00/ 0.00
C.A. Ricketts	1989	68.6/1.7		225/245	15,435.00/ 416.50
T.G. Perris	1972	28.9/0.0		350/375	10,115.00/ 0.00
M.G. Meissner	1979	1.3/0.0		300/315	390.00/ 0.00
D.W. Grauer	1984	6.9/0.0		250/260	1,725.00/ 0.00
<u>ASSOCIATES</u>					
C.E. Kevane	1998	16.8/0.0		110/125	1,848.00/ 0.00
S.A. Thacker	1998	0.0/9.1		125/135	0.00/ 1,228.50
J.A. Kroop	1995	683.1/157.6		160/185	109,296.00/ 29,156.00
R.E. Sandler	1996	949.6/98.6		145/170	137,692.00/ 16,762.00
K.T. Tobin	1986	559.3/0.0		225/000	125,842.50/ 0.00
S. Kimm	1997	5.9/0.0		125/145	737.50/ 0.00
A.H. Merrett	1994	161.0/70.3		160/185	25,760.00/ 13,005.50
R.E. Tetreault	1991	250.0/79.5		185/210	46,250.00/ 16,695.00
D. Harvego	1996	162.0/51.1		155/180	25,110.00/ 9,198.00
D.M. Klein	1995	200.4/39.3		155/180	31,062.00/ 7,074.00

Total Blended Hourly Rate: (Excluding Paraprofessionals)	\$225.29
Total Blended Hourly Rate: (Professionals/Paraprofessionals)	\$175.76

TOTAL CURRENT APPLICATION: \$1,525,128.89

1 Thomas J. Salerno, Esq. (#007492)
Jordan A. Kroop, Esq. (#018825)
2 Renée E. Sandler, Esq. (#017473)
3 **SQUIRE, SANDERS & DEMPSEY L.L.P.**
40 North Central, Suite 2700
4 Phoenix, Arizona 85004
5 (602) 528-4000

6 Attorneys for Debtors

7
8 **IN THE UNITED STATES BANKRUPTCY COURT**
9 **FOR THE DISTRICT OF ARIZONA**

10
11 In re:)
12 UNISON HEALTHCARE CORPORATION, and)
related proceedings,)
13 Federal I.D. No. 86-0684011)
14 Debtors.)

In Proceedings Under Chapter 11

Case No. B-98-06583-PHX-GBN

(Jointly Administered)

15 **FIRST AND FINAL APPLICATION**
16 **FOR ALLOWANCE OF**
17 **COMPENSATION AND**
18 **REIMBURSEMENT OF EXPENSES**
19 **OF SQUIRE, SANDERS &**
20 **DEMPSEY LLP AS COUNSEL FOR**
21 **DEBTORS AND DEBTORS-IN-**
22 **POSSESSION**

23 APPLICABLE DEBTOR(S) (Check))
24 UNISON HEALTHCARE CORPORATION)
(Case No. 98-06583-PHX-RGM))
25 SUNQUEST SPC, INC.)
(Case No. 98-06584-PHX-SSC))
26 BRITWILL HEALTHCARE COMPANY)
(Case No. 98-06585-PHX-SSC))
27 BRITWILL FUNDING CORPORATION)
(Case No. 98-06602-PHX-CGC))
28 MEMPHIS CLINICAL LABORATORY, INC.)
(Case No. 98-06588-PHX-CGC))
AMERICAN PROFESSIONAL HOLDINGS, INC.)
(Case No. 98-06587-PHX-GBN))
AMPRO MEDICAL SERVICES, INC.)
(Case No. 98-06609-PHX-GBN))
GAMMA LABORATORIES, INC.)
(Case No. 98-06611-PHX-SSC))
SIGNATURE HEALTH CARE CORPORATION)
(Case No. 98-06591-PHX-SSC))

Date of Hearing: None Set Yet

Time of Hearing: None Set Yet

1	BROOKSHIRE HOUSE INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06608-PHX-RGM))
2	CHRISTOPHER NURSING CENTER, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06596-PHX-JMM))
3	AMBERWOOD COURT, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06597-PHX-RGM))
4	THE ARBORS HEALTH CARE CORPORATION	<input checked="" type="checkbox"/>)
	(Case No. 98-06598-PHX-CGC))
5	LOS ARCOS, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06603-PHX-RGM))
6	PUEBLO NORTE, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06604-PHX-RTB))
7	RIO VERDE NURSING CENTER, Inc.	<input checked="" type="checkbox"/>)
	(Case No. 98-06606-PHX-CGC))
8	SIGNATURE MANAGEMENT GROUP, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06605-PHX-GBN))
9	CORNERSTONE CARE CENTER, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06595-PHX-RTB))
10	ARKANSAS, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06590-PHX-GBN))
11	DOUGLAS MANOR, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06589-PHX-CGC))
12	SAFFORD CARE, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06593-PHX-RTB))
13	REHABWEST, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06594PHX-CGC))
14	QUEST PHARMACIES, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06586-PHX-RGM))
15	SUNBELT THERAPY MANAGEMENT SERVICES, INC.)
	(ALABAMA)	<input checked="" type="checkbox"/>)
16	(Case No. 98-06607-PHX-RTB))
17	DECATUR SPORTS FIT & WELLNESS CENTER,)
	INC.	<input checked="" type="checkbox"/>)
18	(Case No. 98-06601-PHX-SSC))
19	THERAPY HEALTH SYSTEMS, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06600-PHX-GBN))
20	HENDERSON & ASSOCIATES REHABILITATION,)
	INC.	<input checked="" type="checkbox"/>)
21	(Case No. 98-06599-PHX-SSC))
22	SUNBELT THERAPY MANAGEMENT SERVICES, INC.)
	(ARIZONA)	<input checked="" type="checkbox"/>)
23	(Case No. 98-06592-PHX-RGM))
24	CEDAR CARE, INC.	<input checked="" type="checkbox"/>)
	(Case No. 98-06612-PHX-GBN))
25	SHERWOOD HEALTHCARE CORP.	<input checked="" type="checkbox"/>)
	(Case No. 98-06610-PHX-SSC))

1 BRITWILL INVESTMENTS-I, INC.)
(Case No. 98-0173-PHX-GBN))
2 BRITWILL INVESTMENTS-II, INC.)
(Case No. 98-0174-PHX-GBN))
3 BRITWILL INDIANA PARTNERSHIP)
4 (Case No. 98-0175-PHX-GBN))
5 _____)

6 **APPLICATION PERIOD: May 28, 1998 through January 31, 1999**

7 **APPLICATION NUMBER: First and Final**

8
9 **TOTAL FEES REQUESTED: \$1,295,376.90**

10 **TOTAL COSTS REQUESTED: \$ 229,751.99**

11 **TOTAL APPLICATION REQUEST: \$1,525,128.89**

12 **RETAINER HELD: \$ 94,000.00**

13
14 **I. INTRODUCTION.**

15 Squire, Sanders & Dempsey LLP (“SS&D”), counsel for UNISON HEALTHCARE
16 CORPORATION (kna RAINTREE HEALTHCARE CORPORATION) (“Unison” or the “Debtor”),
17 and certain of Unison’s affiliates and subsidiaries, (collectively referred to herein as “Unison” or the
18 “Debtors”), hereby makes its First and Final Application for Allowance of Compensation and
19 Reimbursement of Expenses of SS&D as counsel for the Debtors (“First and Final Application”) for the
20 period dated May 28, 1998 through January 31, 1999 (the “Application Period”).

21
22 **During the Application Period, SS&D spent 7,370.1 hours in its representation of the**
23 **Debtors. Based upon SS&D’s hourly rates in effect at the time said services were rendered,**
24 **SS&D’s total fees for the Application Period are \$1,295,376.90. The total blended hourly rate**
25 **billed for SS&D attorneys is \$225.29 (5,749.7 hours at \$1,295,349.91). The total blended hourly**
26 **rate billed for SS&D professionals and paraprofessionals is \$175.76 (7,370.1 hours at**
27 **\$1,295,376.90). During the Application Period, SS&D incurred out-of-pocket expenses for which**
28

1 SS&D is seeking reimbursement in the total amount of \$229,751.99. Total compensation and
2 expense reimbursement requested by SS&D for the Application Period is \$1,525,128.89.

3 **II. BACKGROUND.**

4 **A. Commencement of the Bankruptcy Proceedings.**

5
6 On May 28, 1998 (the "Petition Date"), Unison and twenty-nine (29) of its subsidiaries filed
7 voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy
8 Code"). Previously, approximately five months earlier on January 7, 1998, three Unison subsidiaries,
9 BritWill Investments-I, BritWill Investments-II, and BritWill Indiana Partnership (collectively, the
10 "BritWill Debtors") also filed voluntary Chapter 11 petitions. All thirty-three (33) cases were
11 procedurally consolidated for administrative purposes pursuant to an Order entered by the Court on May
12 28, 1998. The Unison filing was the fourth largest healthcare insolvency proceeding in the United States
13 in 1998 in terms of liabilities, and involved nearly \$280 million in debts (other than lease claims), \$120
14 million of which were public bonds. *See Turnarounds & Workouts* at 7 (December 15, 1998). In
15 addition, the equity in Unison was publicly held.
16
17

18 **B. Employment of Counsel.**

19 On May 28, 1998, Unison filed its "Application for Order Authorizing and Approving the
20 Employment of Squire, Sanders & Dempsey L.L.P. as Counsel for the Debtors-in-Possession" (the
21 "Employment Application"). That same day, the Court entered an Order approving the employment of
22 SS&D as counsel for Unison.

23 **C. Activities of Unison and its Counsel.**

24 **1. Unison and its Subsidiaries.**

25 Unison is a provider of comprehensive long-term and specialty healthcare services. Unison
26 ranks as one of the 30 largest long-term care operators in the United States, operating facilities in several
27 states clustered in the Midwest, Southwest, and Southeast. Unison's organizational structure consists of
28 a nursing home group, a physical therapy group, a pharmacy group, and a clinical laboratory group.

1 Unison's financial difficulties arose due in large part to its historic acquisition strategy. A key
2 element of Unison's business strategy during 1995 and 1996 was to expand through ancillary health care
3 businesses or services. As a result of these acquisitions, Unison was faced with unforeseen
4 contingencies affecting its new businesses including increased costs due to integrating the acquired
5 operations into the overall enterprise. In addition to the foregoing difficulties, prior to filing the
6 bankruptcy petitions, Unison was faced with burdensome costs associated with defending against a
7 number of pending lawsuits. These lawsuits included actions by vendors, landlords, and several class
8 action lawsuits. Finally, pending against Unison and several of its officers and directors were certain
9 consolidated securities actions filed by former or existing shareholders of Unison.

10 **2. The Reorganization.**

11 In the course of eight (8) months, SS&D took Unison, one of the country's largest long-term
12 health care providers, through the entire bankruptcy process; from filing its petitions to obtaining
13 confirmation of its "First Amended Joint Plan of Reorganization Dated October 15, 1998" (the "Plan").
14 In the course of the reorganization process, SS&D commenced certain preference litigation against
15 former insiders of Unison, substantively consolidated all thirty-three (33) of the Debtor entities and
16 negotiated with all of the major creditor constituencies in the case in order to submit, solicit, and have
17 confirmed a Plan, which, *inter alia*, converted over \$120 million of Unison's debt into equity. Pursuant
18 to the terms of the Plan, over eighty (80%) of Unison is now owned by noteholders. SS&D also
19 coordinated and negotiated the restructuring of all of Unison's leases and settled millions of dollars
20 worth of various types of litigation pending against Unison.

21 **III. SUMMARY OF SERVICES BY CATEGORY.**

22 The following is a description of the categories into which SS&D has organized its time records
23 (described in more detail below), as well as the total number of hours expended and the amounts
24 requested for each category in the Application Period.
25
26
27
28

CATEGORIES		
1.	Case Administration	Fee: \$ 139,371.50 Hours: 1519.10
2.	Fee/Employment Applications	Fee: \$ 41,846.00 Hours: 267.4
3.	Business Operations	Fee: \$ 139,560.90 Hours: 696.30
4.	Fee/Employment Objections	Fee: \$ 13,435.50 Hours: 86.80
5.	Financing	Fee: \$ 38,263.00 Hours: 209.30
6.	Litigation	Fee: \$ 236,081.50 Hours: 1,306.00
7.	Plan and Disclosure Statement	Fee: \$673,588.50 Hours: 3,225.10
8.	Meetings of Creditors	Fee: \$ 5,341.50 Hours: 18.30
9.	Tax Issues	Fee: \$ 4,690.50 Hours: 23.00
10.	Employee Benefits	Fee: \$ 3,197.00 Hours: 18.80
TOTAL FEES:		\$1,295,376.90
TOTAL HOURS:		7,370.10

1. **Case Administration. (1998/1999)**

Hours expended: 1,331.40 / 187.70

Fees requested: \$120,729.00 / \$18,642.50

Under this category, SS&D rendered services in connection with various miscellaneous matters, including preparing, filing, serving, and docketing pleadings, reviewing correspondence, and conducting telephone conferences. Also included in this category are services rendered by SS&D in connection with requesting and reviewing documents from Debtors and other parties.

1 **2. Fee/Employment Applications. (1998/1999)**

2 **Hours expended: 262.80 / 4.60**

3 **Fees requested: \$41,064.00 / \$782.00**

4 Services rendered by SS&D in this category involved preparing and filing the following
5
6 employment applications: (1) the SS&D Employment Application; (2) the Ernst & Young Employment
7 Application (plus supplements); (3) several Omnibus Ordinary Course Professional Employment
8 Applications; (4) the Ordinary Course Professional Stipulation (which eliminated the requirement of
9 filing individual employment applications for Ordinary Course Professionals in the future); (5) the
10 Gordian Group Employment Application (and several supplements thereto); (6) the Ballard Employment
11 Application; (7) the Brobeck, Phleger Employment Application; and (8) the PriceWaterhouseCoopers
12 Employment Application. Also included under this category is the preparation of monthly billing
13 statements in a format to comply with the U.S.Trustee, negotiations regarding the Chanin retention
14 terms, responding to inquiries by professionals regarding professional employment procedures, and
15 reviewing other professionals' employment applications and materials.
16
17

18 **3. Fee/Employment Objections. (1998/1999)**

19 **Hours expended: 86.80 / 0.00**

20 **Fees requested: \$13,435.50 / \$0.00**

21 Services rendered by SS&D in this category involved preparing and filing objections to
22 certain objections to employment applications which were filed by other professionals, and reviewing
23 and responding to certain objections to employment applications which were filed or prepared by
24 SS&D, and attending hearings on same.
25
26
27
28

1 4. **Business Operations. (1998/1999)**

2 **Hours expended: 659.20 / 37.10**

3 **Fees requested: \$131,709.40 / \$7,851.50**

4 Services rendered by SS&D in this category concerned issues affecting Debtors'
5 operations, including leases and contracts, intellectual property issues, Medicaid and Medicare issues,
6 state health licensure requirements, employment matters, and commercial property issues. Additional
7 services rendered by SS&D in this category included under this category are the preparation and/or
8 review of several executive severance agreements, press releases, term sheets, and certain filings
9 required under the regulations of the Securities Exchange Commission. Also included under this
10 category are analyses of the Debtors' critical vendors and board of director issues.
11

12 5. **Litigation. (1998/1999)**

13 **Hours expended: 1,203.60 / 102.40**

14 **Fees requested: \$216,358.50 / \$19,723.00**

15 In connection with this category, SS&D's services includes resolution of stay relief
16 matters, legal research and analysis regarding commencement of preference and/or avoidance litigation,
17 and several other actions as listed below:
18

19 A. **Complaints Filed by SS&D on Behalf of Unison:**

20 **American Professional Holdings, Inc. v. Associated Solutions, Inc.,**

21 Adv. Proc. No. 98-862-GBN

22 Action to recover money owed on promissory note. Unison filed its complaint on
23 December 10, 1998. Defendant answered January 12, 1999. Unison will file its
24 Motion for Partial Judgment on the Pleadings February 23, 1999. The parties
25 have filed a Stipulation in Lieu of Status Conference setting forth a discovery
26 plan.
27
28

1 **American Professional Holdings, Inc. v. John L. Maguire, W. Jerome McGee**
2 **and Harold L. McKinney,**

3 Adv. Proc. No. 98-861-GBN

4 Additional defendants on promissory note; all defendants are principals or
5 associated with Associated Solutions. (See above.)

6
7 **Unison Healthcare Center Corporation f/k/a Unison Healthcare Corp. and**
8 **BritWill - II Investments, Inc. v. Hasmark Corporation et al.,**

9 Adv. Proc. No. 99-__-GBN

10 Action to recover amounts owed to Unison under various sublease agreements.

11 Unison will file its complaint as soon as it is able to sufficiently document its
12 damages.

13
14
15 **Unison v. HealthPrime, Inc. et al.,**

16 Adv. Proc. No. 98-808-GBN

17 Action to recover management fees owed to Unison by several health care

18 facilities. Unison filed its complaint on December 15, 1998. Defendants have

19 answered and filed counterclaims which were answered on January 11, 1999.

20 **Unison and Sunbelt Therapy Management Services, Inc. v. Vulcan**
21 **Rehabilitation, Inc. et al.**

22 Adv. Proc. No. 98-863-GBN

23 Action to recover money owed on promissory note and management fees. Unison

24 filed its complaint on December 10, 1998. Defendants have not answered and

25 Unison filed its Application for Default Judgment and supporting documents on

26 February 23, 1999.

1 **Unison and Sunquest SPC, Inc. v. Ridgewood Health Care Center and**
2 **Marshall Associates, Ltd.**

3 Adv. Proc. No. 99-24-GBN
4 Action to recover amounts Sunquest overpaid to Defendants which Defendants
5 admit receiving. Unison filed its complaint on January 13, 1999. Defendants
6 have answered and filed counterclaims which Unison will answer within the next
7 5 to 10 days.

8 **B. Cases in Which Unison is a Defendant and SS&D is Either Monitoring or**
9 **Defending:**

10 **Active Medical, Inc. v. Amberwood Court d/b/a Amberwood Care Center**

11 District Court for County of Denver, Colorado, Case # CV98-2821
12 Plaintiff alleges it provides medical services to healthcare facilities and that the
13 Amberwood Care is indebted to Plaintiff for services rendered on an open account
14 in excess of \$29,789.14, together with interest and attorneys' fees.

15 **Active Medical, Inc. v. Arkansas, Inc. dba Arkansas Manor**

16 District Court, City and County of Denver, Colorado, Case #98 CV-2826
17 Arkansas Manor allegedly in default and Active Medical alleges it is owed
18 monies.

19 **Active Medical, Inc. v. Brookshire House, Inc.**

20 District Court, City and County of Denver, Colorado, Case #98 CV-2820
21 Brookshire House allegedly in default and Active Medical alleges it is owed
22 monies.

23 **Active Medical, Inc. v. Christopher Nursing Center, Inc.**

24 District Court, City and County of Denver, Colorado, Case #98 CV-2826
25 Christopher Nursing Center allegedly in default and Active Medical alleges it is
26 owed monies for services rendered.

27 **Active Medical, Inc. v. Cornerstone Care, Inc. dba Cornerstone Care Center**

28 District Court, City and County of Denver, Colorado, Case #98 CV-2823
Cornerstone Care allegedly in default and Active Medical alleges it is owed
monies for services rendered.

Colorado Chemical Company v. Cornerstone Care, Inc.

District Court for the County of Denver, Colorado, Case # unknown
The claim was filed under simplified civil procedure. The amount owed is
claimed to be \$911.01. Claim arises from asserted failure to pay for goods
purchased on account. Complaint filed 12/29/97.

1 **Franciscan Elder Care Corporation v. Unison**

2 First Judicial District, Idaho, County of Bonner, Case # CV97-02023

3 Unison allegedly in default of certain lease obligations (payments) and Plaintiffs
4 request \$296,250.00 plus attorneys' fees and costs.

5 **Franciscan Elder Care Corporation v. Unison**

6 First Judicial District, Idaho, County of Bonner, Case # CV98-00018

7 Complaint alleges that Unison subleases the premises, has continuously occupied
8 the premises through the time of the complaint, that on 12/12/97, the Plaintiff
9 served upon Unison a Notice to Quit with intent to terminate the lease because of
10 Unison's failure to pay monthly fees, failure to properly insure the premises,
11 failure to provide the Plaintiff with quarterly management reports and failure to
12 maintain the premises at a level agreed upon. The complaint is for unlawful
13 detainer.

14 **Franciscan Elder Care v. SunQuest**

15 County of Multnomah, Oregon, Case # 9801-00050

16 Breach of contract, breach of guaranty, conversion, action on promissory note.

17 **HealthPrime, Inc.; HP/Health Care Acquirors, Inc.; Markleysburg
18 Healthcare Investors, L.P.; Marshall Manor Healthcare Services, Inc. and
19 Lake City Nursing Home, Inc. v. Unison**

20 Superior Court of Fulton County, Georgia, Case #E-68081

21 Action for Declaratory Judgment and Damages. The Plaintiffs own, lease, or
22 manage long-term healthcare facilities. As part of operation of these facilities,
23 Plaintiffs entered into management contracts with Unison. One Plaintiff entered
24 into a real property lease with SunQuest. Alleged failure to manage Plaintiffs'
25 healthcare facilities properly and violation of lease agreement. Declaratory
26 Judgment Action is varied, including conduct constitutes a material breach of
27 management agreements, declaratory judgment that conduct constitutes a material
28 breach of the management agreements, and damages for injuries caused by the
29 breaches. Notice to court of Unison's bankruptcy dated 6/17/98. (See list of
30 cases in which Unison is a plaintiff.)

31 **Medline Industries, Inc. v. SunCrest Healthcare, Inc. and Unison**

32 Superior Court, Maricopa County, Case # CV97-829

33 Medline asserts that Unison owes \$7,778.05, plus interest, for goods, wares,
34 merchandise, cash advances or services.

35 **Ridgewood Healthcare Center, et al., v. Unison Health Care Corporation, et
36 al.**

37 Walker County, Alabama, Case #CV97-829

38 Unison is allegedly in default under the lease with Ridgewood and Marshall;
39 plaintiffs want the court to declare the lease null and void, to have plaintiffs take
40 possession of the building, and enter a preliminary injunction necessary to

1 effectuate the intent of the lease agreements and to protect the continuation of
2 patient care. (See list of cases in which Unison is a plaintiff.)

3 **SRM, Inc. d/b/a All-State Security v. Unison**

4 South Phoenix Justice Court, Case # CV98-00649 RA

5 Unison allegedly breached agreement with Plaintiff for security services at 2211
6 East Southern Avenue in Phoenix. Plaintiffs request \$3,245.00 with interest and
7 attorneys' fees. Case was placed on inactive calendar on June 11, 1998 due to
8 bankruptcy of Unison.

9 **6. Plan and Disclosure Statement. (1998/1999)**

10 **Hours expended: 2,491.10 / 734.00**

11 **Fees requested: \$513,154.00 / \$160,434.50**

12 In connection with this category, SS&D's services include all analyses, negotiations, and
13 litigation relating to the terms of the Debtors' Plan and Disclosure Statement. As part of this process,
14 SS&D spearheaded the efforts to obtain, to the greatest extent possible, a consensual plan of
15 reorganization. This entailed substantial negotiations among all of the major constituencies in the case.
16 This process was successful, and resulted in all eight impaired classes voting to accept the Plan. Only
17 one party, Wayland Investment Fund ("Wayland") contested confirmation of the Plan. During the
18 course of the trial on Plan confirmation, SS&D negotiated a favorable settlement with Wayland, and the
19 Plan was confirmed in open Court on January 20, 1999. The Plan went effective on February 1, 1999.

20 **7. Meetings of Creditors. (1998/1999)**

21 **Hours expended: 18.30 / 0.00**

22 **Fees requested: \$5,341.50 / \$0.00**

23 This category encompasses preparing for and attending the Section 341 meeting of
24 creditors, and attending to other matters relating to the Committee of Unsecured Creditors
25
26
27
28

1 **8. Financing. (1998/1999)**

2 **Hours expended: 203.40 / 5.90**

3 **Fees requested: \$37,171.50 / \$1,091.50**

4 This category consists of negotiating, preparing and reviewing various DIP Financing and
5 Cash Collateral pleadings and budgets, and attending hearings on same.

6 **9. Tax Issues. (1998/1999)**

7 **Hours expended: 23.00 / 0.00**

8 **Fees requested: \$4,690.50 / \$0.00**

9 This category consists of research and analyses regarding various real estate tax matters;
10 treatment of tax claims; and certain other tax issues that were addressed as part of the Plan.

11 **10. Employee Benefits. (1998/1999)**

12 **Hours expended: 18.8 / 0.0**

13 **Fees requested: \$3,197.00 / \$0.00**

14 In connection with this category, SS&D's services included legal analyses and drafting
15 documents regarding certain ERISA, 401(k), and executive severance related issues.

16 **IV. SUMMARY OF SERVICES AND EXPENSES.**

17 Attached hereto as **Appendix "A"** is a detailed summary of the hours and hourly rates of
18 attorneys and other timekeepers who rendered services during the Application Period, which are the
19 subject matter of this First and Final Application. Attached hereto as **Appendix "B"** are the diary
20 entries, organized by category, covering the services rendered during the Application Period. The diary
21 entries set forth an aggregate of 1,380.3 hours in partner attorney time; 4,301.8 hours of associate
22 attorney time; and 3,012.7 hours of paraprofessional time. All of the diary entries were made
23 contemporaneously with the services rendered. SS&D maintains computerized records of attorney diary
24

1 entries. In accordance with this Court's guidelines regarding fee applications, SS&D requested those
2 involved to utilize increments of one-tenth of an hour for this engagement.

3 Compensation is sought pursuant to 11 U.S.C. § 330(a), 331 and 503(a) and (b) and Rule 2016(a)
4 of the Federal Rules of Bankruptcy Procedures, and in compliance with the Order approving the
5 employment of SS&D as counsel to the Debtors and the Guidelines of the Office of the United States
6 Trustee for the District of Arizona. Except as SS&D may be entitled to receive compensation herein,
7 SS&D has no arrangements with any other parties whatsoever to pay SS&D for the services rendered to
8 the Debtors, nor has SS&D received any funds from any parties whatsoever for the services rendered to
9 the Debtors. Further, SS&D has not made any arrangement to share any compensation received by
10 order of this Court with any party whatsoever, nor does SS&D have any arrangement for the sharing of
11 any compensation hereinafter awarded, except as between members of SS&D.
12
13

14 This is SS&D's first and final application for compensation in this case and SS&D has not
15 previously been awarded any fees or costs in this case. The rates charged by SS&D are the normal and
16 customary charges for bankruptcy attorneys of similar expertise and experience performing similar
17 services in the area of Phoenix, Arizona. SS&D has also employed the services of a paralegal staff to
18 reduce expense to the estate. The names of all of SS&D's professionals and paraprofessionals
19 requesting fees and the hourly rate charged by each during the Final Application Period is as follows:
20
21

	Year Admitted	Rate 1998/1999
Partners		
T.J. Salerno	1982	305/330
C.D. Hansen	1982	305/330
D.A. Wall	1982	325/345
C.D. Johnson	1977	305/320
M.B. Axler	1980	295/325
R. Gursbt	1971	310/325
C.A. Draucker	1977	275/295
R.J. Eidnier	1982	275/295
T.G. Havener	1987	230/245

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C.A. Ricketts	1989	225/245
T.G. Perris	1972	350/375
M.G. Meissner	1979	300/315
D.W. Grauer	1984	250/260
Associates		
C.E. Kevane	1998	110/125
J.M. Crabb	1992	200/225
S.A. Thacker	1998	125/135
Sandra Kimm	1997	125/145
K.T. Tobin	1986	225/000
R.E. Sandler	1996	145/170
J.A. Kroop	1995	160/185
A.H. Merrett	1994	160/185
R.E. Tetreault	1991	185/210
D. Harvego	1996	155/180
D.M. Klein	1995	155/180
J.E. Hess	1998	110/125
J.A. Vollins	1993	160/185
C.T. Salomon	1994	160/185
S.Y. Park	1991	205/230
G.R. Hall	1991	205/230
J. Van Dyne	1994	155/180
A.D. Komaromi	1999	100/140
J.D. Gray	1991	190/215
R.M. Gold	1991	205/230
D.A. Jackson	1994	160/185
L.C. Cocanower	1979	255/000
J.A. Inderlied	1995	140/000
Of Counsel		
H.A. Madden	1980	245/265
B.E. Martin	1973	280/280
F.A. Summer	1974	280/280
Paraprofessionals		
K. Simens	N/A	120/120
B.D. Clapper	N/A	65/65
D.J. Rutschman	N/A	110/115
D.C. Hacker	N/A	105/105
J.L. Pouncey	N/A	125/125
D.E. Tanguilig	N/A	90/90
J.E. Accinno	N/A	95/95
D.D. Davenport	N/A	90/100
H.C. Logan	N/A	95/100
D. Kampen	N/A	30/30
T. Fincher	N/A	30/30

R.C. Eckert	N/A	90/95
M. Refice	N/A	98/98
J. Lorimor	N/A	30/30
P. Mirowski	N/A	105/110

V. SUMMARY OF COSTS.

During the Application Period, SS&D incurred out-of-pocket expenses for which SS&D is seeking reimbursement in the total amount of \$229,751.99. The following is a summary of the expenses incurred by SS&D:

EXPENSE SUMMARY	
May 28, 1998 – January 31, 1999	
Telephone and Telecopy	\$ 42,547.88
Internal Printing and Reproduction	119,099.88
Service Fees/Not. of Sub.	180.00
Postage/Document Shipping	10,913.86
Delivery Services	5,052.71
Express Mail/Federal Express	7,342.90
Online Services (Lexis/Westlaw)	17,328.87
Outside Printing	10,185.89
Stenographic Reporting/Transcripts (Hrg./Depo. Transcripts)	410.50
Misc.	516.94
Meals/Entertainment/Local Transport	495.48
Investigation/Witness Fees	237.44
Court Costs	225.00
Corporation Documents	1,720.00
Travel	4,752.64
Filing/Registration Fees	8,380.00
Outside Consultants	180.50
Binding Charges	181.50
TOTAL EXPENSES	\$229,751.99

The specific per-item charges for expenses are as follows: telecopy charges -- \$.50 to receive and \$1.50 to send; photocopy charges -- \$.18 per page. Under SS&D's general billing guidelines, travel time is compensable during normal business hours and is compensable outside of normal business hours

1 if the professional is working on the Debtors' matters during travel. Moreover, SS&D is not seeking
2 reimbursement for airfare or hotel expenses for out of state lawyers working on this matter. Express
3 Mail was used when there was a Court filing deadline or when the Debtors' response was needed within
4 a limited time frame.
5

6 **VI. EVALUATING STANDARDS.**

7 The fees billed by SS&D to the Debtors for professional services rendered during the
8 Application Period total \$38,674.00. In accordance with 11 U.S.C. §330, this amount was calculated
9 using the hourly rate for the attorneys involved. *See also In re Yermakov*, 718 F.2d 1465, 1471 (9th Cir.
10 1983) ("The primary method used to determine a reasonable attorneys' fee in a bankruptcy case is to
11 multiply the number of hours expended by an hourly rate"). This has also been referred to as the
12 "lodestar" or basic fee which, if warranted, can be adjusted upward or downward. In that regard, the
13 Ninth Circuit in *Yermakov* made specific references to *Johnson v. Georgia Highway Express, Inc.*, 488
14 F.2d 714, 717-19 (5th Cir. 1974), in which the Fifth Circuit listed twelve factors which should be
15 considered in awarding attorneys' fees. These "Johnson factors" have been referred to and utilized by
16 many courts in considering and awarding attorneys' fees in bankruptcy cases. *See In re Nucorp Energy,*
17 *Inc.*, 764 F.2d 655 (9th Cir. 1985).
18
19

20 The Ninth Circuit Bankruptcy Appellate Panel has concluded that the "lodestar" approach,
21 coupled with consideration of the "Johnson factors" is the appropriate standard to be applied in
22 awarding fees in a bankruptcy case. *See In re Powerine Oil Co.*, 71 Bankr. 767 (Bankr. 9th Cir. 1986).
23

24 The results obtained by SS&D within the time frame of this Application Period illustrate that
25 SS&D:

- 26 1. Used the skill required to perform the legal services properly;
- 27 2. Provided services necessary to the administration of the case; and,
- 28

1 3. Performed the services within a reasonable amount of time commensurate with the
2 complexity, importance and nature of each task.

3 Furthermore, based upon the results obtained by SS&D within the time frame of this
4 Application Period and the rates charged by SS&D for the services performed, the compensation
5 requested is reasonable based on the customary compensation charged by comparably skilled
6 practitioners in non-bankruptcy cases.
7

8 Finally, because confirmation of the Plan resulted in the substantive consolidation of all of the
9 Debtors' estates for distribution purposes, the fees and costs of SS&D need not be broken down on an
10 entity by entity basis. Given the interrelated nature of the Debtors' operations, such a breakdown would
11 have been difficult at best, and because of the substantive consolidation, no longer necessary.
12

13 **VII. CONCLUSION.**

14 The value at which the services which are the subject matter of this First and Final Application
15 are being billed is the general guideline rates of the firm of SS&D applicable to its clientele as a whole.
16 The billing for all services during the Application Period is **\$1,295,376.90**. The billing for
17 reimbursement of expenses during the Application Period is **\$229,751.99**.
18

19 SS&D believes that the fair and reasonable value of the services rendered which is the subject
20 matter of this First and Final Application is not less than **\$1,525,128.89**.
21

22 WHEREFORE, SS&D, respectfully requests this Court enter an Order:

23 a. Allowing compensation for professional services rendered by SS&D during the Final
24 Application Period in the sum of **\$1,295,376.90**; and

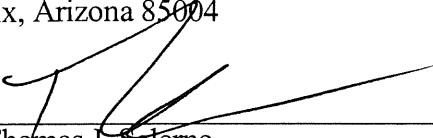
25 b. Allowing reimbursement for actual and necessary expenses incurred during the Final
26 Application Period by SS&D in the amount of **\$229,751.99**; and

27 c. Authorizing and directing the payment of such fees and the reimbursement of such
28

1 expenses.

2 RESPECTFULLY SUBMITTED this 22nd day of March, 1999.

3 SQUIRE SANDERS & DEMPSEY, L.L.P.
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7 By: 
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9 Jordan A. Kroop
10 Renée E. Sandler

11 Attorneys for Debtors

12 COPY of the foregoing
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