**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE DISTRICT OF DELAWARE**

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|---|---|
| In re: | Chapter 11 |
| VELTI INC., *et al.*,[1] | Case No. 13-12878 (PJW) |
| Debtors. | (Jointly Administered) |
| | **Hearing Date: April 10, 2014 at 10:30 A.M. ET**<br>**Objection Deadline: April 3, 2014 at 4:00 P.M. ET** |
| | **Re: Docket Nos. 216, 257 and 293** |

# FIRST INTERIM APPLICATION OF SITRICK AND COMPANY FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS CORPORATE COMMUNICATIONS CONSULTANTS RETAINED BY THE DEBTORS FOR THE PERIOD FROM NOVEMBER 4, 2013 THROUGH JANUARY 31, 2014

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|---|---|
| Name of Applicant: | Sitrick And Company |
| Authorized to provide professional services to: | Debtors and Debtors-In-Possession |
| Date of Retention: | December 2, 2013 *nunc pro tunc* to November 4, 2013 (the "Petition Date") |
| Period for which compensation and reimbursement are sought: | November 4, 2013 - January 31, 2014 |
| Amount of compensation sought as actual, reasonable and necessary: | $98,546.75 |
| Amount of Expense reimbursement sought as actual, reasonable and necessary: | $18,121.74 |

This is an: _____ Monthly ___X___ Interim _____ Final Application

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[1] The Debtors are the following six entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Velti Inc. (4475), Air2Web, Inc. (5572), Air2Web Interactive, Inc. (2364), Velti North America, Inc. (8900), Velti North America Holdings, Inc. (3953) and Velti US Holdings, Inc. (8299). The mailing address of each of the Debtors, solely for purposes of notices and communications, is Spear Tower, 1 Market Street Suite 1400, San Francisco, California 94105.

This Application does not request compensation at this time for services rendered in preparing this Application. The Applicant intends to seek such compensation at a later date.

## CUMULATIVE SUMMARY OF INTERIM FEE APPLICATIONS OF SITRICK AND COMPANY FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS CORPORATE COMMUNICATIONS CONSULTANTS RETAINED BY THE DEBTORS

**FIRST INTERIM PERIOD**
**NOVEMBER 4, 2013 - JANUARY 31, 2014**

| Fee Application Filing Date, Docket No. | Certificate of No Objection Filing Date, Docket No. | Period Covered By Application | Total Fees Requested | Total Fees Paid to Date (80%) | Total Expenses Requested | Total Expenses Paid to Date (100%) | Amount of Fees Payable by Debtors (80%) | Amount of Remaining Expenses Payable by Debtors |
|---|---|---|---|---|---|---|---|---|
| 12/30/13 Dkt. 216 | 1/22/14 Dkt. 254 | 11/4/13-11/30/13 | $ 53,337.50 | $0.00 | $ 6,812.87 | $0.00 | $42,670.00 | $6,812.87 |
| 1/29/14 Dkt. 257 | 2/21/14 Dkt. 286 | 12/1/13-12/31/13 | $22,962.25 | $0.00 | $4,734.00 | $0.00 | $18,369.80 | $4,734.00 |
| 3/3/14 Dkt. 293 | Not yet filed | 1/1/14-1/31/14 | $22,247.00 | $0.00 | 6,574.87 | $0.00 | $17,797.60 | $6,574.87 |
| **TOTAL** | | | **$98,546.75** | **$0.00** | **$18,121.74** | **$0.00** | **$78,837.40** | **$18,121.74** |

**TIME DETAIL BY PROFESSIONAL**
**November 4, 2013 - January 31, 2014**

| Name of Professional | Title | Total Hours |
|---|---|---|
| Anita-Marie Laurie | Member of the Firm | 13.70 |
| Tom Becker | Member of the Firm | 102.40 |
| Wendy Tanaka | Member of the Firm | 3.40 |
| Thomas Weidlich | Member of the Firm | 0.30 |
| Danielle Newman | Associate | 40.50 |
| Kara Schmiemann | Associate | 23.10 |
| Molly Russell | Associate | 22.20 |
| Rachel Warzala | Associate | 44.80 |
| **Total** | | **250.40** |

**EXPENSE SUMMARY**

| Expense Category | Service Provider (if applicable) | Expense |
|---|---|---|
| Airfare | Virgin America | 1,069.90 |
| Conference Calls | Adigo | 120.90 |
| Ground Transportation | | 1,352.12 |
| Lodging | Hotel Dupont | 265.30 |
| Meals | | 98.80 |
| Online Research | Factiva | 134.30 |
| Other | Quarles & Brady | 8,369.60 |
| Parking | | 25.82 |
| PR Newswire | | 6,685.00 |
| **TOTAL EXPENSES:** | | **$18,121.74** |

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**FOR THE DISTRICT OF DELAWARE**

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| In re: | Chapter 11 |
| VELTI INC., *et al.*,[2] | Case No. 13-12878 (PJW) |
| Debtors. | (Jointly Administered) |
| | **Hearing Date: April 10, 2014 at 10:30 A.M. ET**<br>**Objection Deadline: April 3, 2014 at 4:00 P.M. ET** |
| | **Re: Docket Nos. 261, 257 and 293** |

**FIRST INTERIM APPLICATION OF SITRICK AND COMPANY FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS CORPORATE COMMUNICATIONS CONSULTANTS RETAINED BY THE DEBTORS FOR THE PERIOD FROM NOVEMBER 4, 2013 THROUGH JANUARY 31, 2014**

Sitrick And Company ("Sitrick"), retained as corporate communications consultants to the above-captioned debtors and debtors-in-possession (the "Debtors"), hereby submits by and through undersigned counsel this application (the "Interim Fee Application") seeking allowance of compensation and reimbursement of fees and expenses under Sections 330 and 331 of Title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "Local Bankruptcy Rules") for the period from November 4, 2013 through January 31, 2014 (the "Interim Application Period"), and represents as follows:

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[2] The Debtors are the following six entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Velti Inc. (4475), Air2Web, Inc. (5572), Air2Web Interactive, Inc. (2364), Velti North America, Inc. (8900), Velti North America Holdings, Inc. (3953) and Velti US Holdings, Inc. (8299). The mailing address of each of the Debtors, solely for purposes of notices and communications, is Spear Tower, 1 Market Street Suite 1400, San Francisco, California 94105.

## JURISDICTION

1. This Court has jurisdiction to consider this Application under 28 U.S.C. §§ 157 and 1334.

2. This is a core proceeding under 28 U.S.C. § 157(b).

3. Venue of these cases and this Application in this district is proper under 28 U.S.C. §§ 1408 and 1409.

4. The legal predicates for the relief requested herein are Bankruptcy Code Sections 330 and 331, Bankruptcy Rule 2016 and Local Bankruptcy Rule 2016-2.

## BACKGROUND

5. On November 4, 2013 (the "Petition Date"), the Debtors each commenced a case by filing a petition for relief under Chapter 11 of the Bankruptcy Code (collectively, the "Chapter 11 Cases"). This Court has ordered joint administration of these Chapter 11 Cases.

6. The factual background regarding the Debtors, including their business operations, capital and debt structure, and the events leading to the filing of the Chapter 11 Cases, is set forth in the *Declaration of Jeffrey G. Ross in Support of First Day Pleadings*, filed on the Petition Date and fully incorporated herein by reference.

## RETENTION OF SITRICK

7. On November 13, 2013, the Debtors applied to the Court for an order authorizing them to retain Sitrick as corporate communications consultants to the Debtors pursuant to an engagement agreement dated October 28, 2013 (the "Engagement Agreement"), effective as of the Petition Date.

8. On December 2, 2013, the Court entered an order (the "Retention Order") authorizing the Debtors to employ Sitrick effective as of the Petition Date, in accordance with the provisions of the Retention Order and Engagement Agreement. *See* Docket No. 118.

## INTERIM COMPENSATION ORDER

9. On December 2, 2013, the Court entered an Order Pursuant to Bankruptcy Code Sections 105(a) and 331, and Local Bankruptcy Rule 2016-2 Establishing Interim Compensation Procedures (the "Interim Compensation Order") [Docket No. 111], which sets forth the procedures for interim compensation and reimbursement of expenses for all non-ordinary course professionals in these cases.

10. In particular, the Interim Compensation Order provides that a Professional may file and serve a Monthly Fee Application on or after the fifteenth (15th) day of each month following the month for which compensation is sought.

11. Provided that there are no objections to the Monthly Fee Application filed by 4 p.m. Eastern Time on the twentieth (20) day following the service of a Monthly Fee Application, the Professional may file a certificate of no objection with the Court, after which the Debtors are authorized to pay such Professional eighty percent (80%) of the fees and one-hundred percent (100%) of the expenses requested in such Monthly Fee Application.

12. If an objection to the Monthly Fee Application is filed, then the Debtors are authorized to pay 80% of the fees and 100% of the expenses not subject to an objection.

## SUMMARY OF SERVICES RENDERED

13. Sitrick is one of the nation's leading public relations firms. Sitrick is a full-service independent global public relations firm with approximately 50 professionals collaborating across its Los Angeles, New York, San Francisco and Washington DC offices.

Sitrick has been ranked as one of the top strategic communications companies in the nation and has emerged as a leader in corporate reputation management, with extensive experience in both out-of-court restructurings and complex Chapter 11 cases.

14. Formed in 1989, Sitrick specializes in addressing sensitive business situations that require communications strategies targeted to a variety of constituencies, including customers, employees, vendors, shareholders, bondholders, and the media. Sitrick has substantial experience providing corporate communications services to large companies in connection with both in and out-of court restructurings.

15. Since the Petition Date, Sitrick has render corporate communications consulting and related services to the Debtors as needed throughout the course of these cases. In particular, Sitrick has performed, among others, the following services:

(a) Developing and implementing communications programs and related strategies and initiatives for communications with the Debtors' key constituencies (including customers, employees, vendors, bondholders, related key constituencies, and the media) regarding the Debtors' operations and progress through the Chapter 11 process;

(b) Developing public relations initiatives for the Debtors to maintain public confidence and internal morale during the Chapter 11 process;

(c) Preparing press releases and other public statements for the Debtors, including statements relating to major Chapter 11 events;

(d) Preparing other forms of communication to the Debtors' key constituencies and the media;

(e) Developing and maintaining a website containing communications materials for various constituencies regarding the restructuring; and

(f) Perform such other communications consulting services as may be requested by the Debtors.

16. Sitrick's professionals have expended a total of 250.40 hours in connection with this case during the Application Period.

17. Sitrick is seeking compensation of $98,546.75 in fees for professional services rendered by Sitrick during the Interim Application Period. This amount is derived solely from the applicable hourly billing rates of the Sitrick personnel who rendered such services to the Debtors. A summary of charges is attached hereto as **Exhibit A.**

18. Sitrick also requests reimbursement of the actual and necessary out-of-pocket disbursements and charges incurred during the Interim Application Period, equal to $18,121.74. The expense detail is attached hereto as **Exhibit B**.[3]

19. Sitrick has attempted to include in this Interim Fee Application all time and expenses relating to the Interim Application Period. Delays in processing such time and receiving invoices for certain expenses, however, do occur. Accordingly, Sitrick reserves the right to supplement this Interim Fee Application. This Interim Fee Application is also made without prejudice to Sitrick's right to seek a final allowance of compensation in the future.

20. Sitrick has received no promise of payment for professional services rendered or to be rendered in this case other than in accordance with the provisions of the Bankruptcy Code.

## ALLOWANCE OF COMPENSATION

21. Bankruptcy Code Section 330 authorizes the Court to award "reasonable compensation for actual, necessary services rendered by the . . . professional person . . . ." 11 U.S.C. § 330. In order to evaluate a request for allowance of fees by a professional person, a court must determine whether the services rendered were actual and necessary and the fees

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[3] Sitrick's first monthly fee application contained an incorrect total for the expenses requested. The amount requested was $6,912.83. The correct amount is $6,812.87. Therefore, the total correct amount requested in this Interim Fee Application is $18,121.74.

requested are reasonable. Sitrick respectfully submits that its request for an interim award of compensation for the Interim Application Period satisfies that standard.

22. Because of the benefits realized by the Debtors, the nature of this case, the reputation of Sitrick and its professionals who rendered services, the amount of work done, the time consumed, the skill required and the contingent nature of the compensation, Sitrick requests that it be allowed compensation for the value of the professional services rendered during the Interim Application Period, for a total of $98,546.75.

23. Sitrick reserves the right to seek payment for work performed or expenses incurred during the Interim Application Period but not yet reflected in the Firm's time records or to amend the amounts listed herein to correct any bookkeeping errors. In the event that a subsequent review reveals that additional professional services have been rendered or expenses have been incurred on behalf of the Debtors during the Interim Application Period, which were not processed by the Firm's accounting system before the time of this Interim Fee Application, Sitrick reserves the right to seek such additional fees and expenses by subsequent application to the Court.

24. Sitrick achieved cost efficiencies by employing a streamlined case management structure. Instead of assigning various professionals to the myriad tasks that have arisen since the Petition Date, Sitrick designated a core group of professionals who were assigned responsibility for specific matters and types of matters. This (i) allowed certain professionals to work almost exclusively on discrete matters in the Debtors' cases, (ii) permitted the case to be staffed at the appropriate experience level, and (iii) enabled Sitrick to avoid performing duplicative or unnecessary work.

25. Sitrick further reserves the right to request additional compensation at a later date for time spent preparing this Interim Fee Application.

26. Other than between Sitrick and its shareholders and professionals, no agreement or understanding exists between Sitrick and any other person or persons for the sharing of compensation received or to be received for professional services rendered in or in connection with this case, nor will any be made except as permitted pursuant to Bankruptcy Code Section 504(b)(1).

## REIMBURSEMENT OF EXPENSES

27. As stated above, complete descriptions of each expense incurred during these Chapter 11 Cases are attached hereto as Exhibit B. Additionally, charts summarizing the expenses for the Application Period are included at the front of this Interim Fee Application. Sitrick's policy requires all professionals to retain and submit for review receipts and/or invoices for all disbursements incurred through outside vendors. Sitrick maintains all receipts and/or invoices related to each client's disbursement account in a central storage facility, and such records can be produced upon request.

28. Sitrick has disbursed and requests reimbursement of $18,121.74 which represents actual, necessary expenses incurred in the rendition of professional services in this case.

## NOTICE

29. Sitrick has provided notice of this Application to the following parties (collectively, the "Notice Parties"): (i) the Debtors, Velti Inc., Spear Tower, 1 Market Street Suite 1400, San Francisco, California, 94105 (Attn: Sally Rau); (ii) counsel to the Debtors, DLA Piper LLP (US), 203 North LaSalle Street, Suite 1900, Chicago, Illinois 60601 (Attn: Richard A.

Chesley, Esq.) and 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801 (Attn: Stuart M. Brown, Esq.); (iii) counsel to the lenders under the proposed debtor-in-possession financing: Simpson Thatcher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017 (Fax: 212-455-2502) (Attn: Sandy Qusba, Esq. and Morris Massel, Esq.); (iv) counsel to the Committee: McGuirewoods LLP, 7 Saint Paul Street, Suite 1000, Baltimore, Maryland 21202-1671 (Fax: 410-659-4488) (Attn: James E. Van Horn, Esq.) and McGuirewoods LLP, 1750 Tysons Boulevard, Suite 1800, Tysons Corner, Virginia 22102-4215 (Fax: 703-712-5365) (Attn: David I. Swan, Esq.) and Morris Nichols Arsht & Tunnell LLP, 1201 North Market Street, Suite 1600, Wilmington, Delaware 19801 (Fax: 302-658-3989) (Attn: Gregory W. Werkheiser, Esq. and William M. Alleman, Jr., Esq.); and (v) the Office of the United States Trustee, District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Benjamin A. Hackman, Esq.).

30. In light of the nature of the relief requested, Sitrick submits that no further notice is required or needed under the circumstances.

## PRIOR REQUESTS

31. Sitrick previously filed three (3) monthly Applications: the First Monthly Application filed December 30, 2013 [Docket No. 216]; the Second Monthly Application filed January 29, 2014 [Docket No. 257]; and the Third Monthly Application filed March 3, 2014 [Docket No. 293]. No objections were filed to the first and second monthly fee applications and the deadline for objections to the third monthly fee application is March 24, 2014.

## CERTIFICATE OF COMPLIANCE AND WAIVER

32. On behalf of Sitrick, Brenda Adrian certifies that it has reviewed the requirements of Local Bankruptcy Rule 2016-2 and that the Interim Fee Application

substantially complies with that Local Bankruptcy Rule. To the extent that the Interim Fee Application does not comply in all respects with the requirements of Local Bankruptcy Rule 2016-2, counsel believes that such deviations are not material and respectfully requests that any such requirement be waived.

WHEREFORE, Sitrick respectfully requests approval and payment of (a) interim compensation for professional services rendered as corporate communications and public relations consultants to the Debtors in the sum of $98,546.75 for the fees incurred during the Interim Application Period; (b) reimbursement of actual and necessary expenses incurred in the sum of $18,121.74; and (c) such other and further relief as is just and proper.

Dated: March 14, 2014

Respectfully submitted,

SITRICK AND COMPANY, INC.

By: Anita-Marie Laurie
Member of the Firm

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*/s/ Joseph J. McMahon, Jr.*
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