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*General Bankruptcy and Restructuring Counsel to
 the Debtor*

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK

-----X
 :
 In re: : Chapter 11
 :
 AIRFASTTICKETS, INC., :
 : Case No. 15-11951 (SHL)
 :
 Debtor. :
 :
 -----X

**SECOND INTERIM APPLICATION OF ARENT FOX LLP,
 AS GENERAL BANKRUPTCY COUNSEL TO THE DEBTOR,
 FOR INTERIM ALLOWANCE OF COMPENSATION AND
 REIMBURSEMENT OF EXPENSES FOR SERVICES RENDERED
 DURING THE PERIOD FROM MARCH 1, 2016 THROUGH JUNE 30, 2016**

Name of Applicant: Arent Fox LLP

Authorized to Provide
 Professional Services to: Debtor and Debtor in Possession

Date of Retention: December 2, 2015 (nunc pro tunc to October 27,
 2015)

Period for which Compensation
 and Reimbursement are sought: March 1, 2016 through June 30, 2016

Amount of Compensation sought as
 actual, reasonable, and necessary: \$369,491.00¹

¹ The aggregate amount of fees requested in Arent Fox's monthly fee statements for the months of March 2016 through and including June 2016 is \$372,629.00, which amount reflects a voluntary reduction of \$16,246.50. Further, Arent Fox has reduced the fees sought in this Application by an additional \$3,138.00 to account for a time entry billed in error in matter 6 (\$837.50), and time billed in error related to the redaction of monthly fee statements and operating reports (\$2,300.50). The time entries in question are highlighted in yellow in **Exhibit B** attached hereto.

Amount of Expense Reimbursement sought
as actual, reasonable, and necessary: \$1,754.52

This is a(n): _____ monthly X interim _____ final application

MONTHLY FEE STATEMENTS FILED DURING THE COMPENSATION PERIOD

		Requested		Paid or To Be Paid, Subject to Approval ²		
Date Filed	Period Covered	Fees	Expenses	Fees	Expenses	Amount of Holdback
04/19/16	03/01/16 – 03/31/16	\$132,134.50	\$1,205.38	\$105,707.60	\$1,205.38	\$26,426.90
06/06/16	04/01/16 – 04/30/16	\$84,046.50	\$156.54	\$67,237.20	\$156.54	\$16,809.30
06/30/16	05/01/16 – 05/31/16	\$66,729.00	\$164.85	\$53,383.20	\$164.85	\$13,345.80
07/29/16	06/01/16 – 06/30/16	\$89,719.00	\$227.75	\$71,775.20	\$227.75	\$17,943.80
TOTAL		\$372,629.00	\$1,754.52	\$298,103.20	\$1,754.52	\$74,525.80

PRIOR FEE APPLICATIONS

Date/Document Number of Application	Fee Period	Interim Fees Requested on Application	Fees Allowed	Fees to Be Paid for Fee Period ³	Fees to Be Paid for Prior Fee Period(s) (if any) (i.e., Holdback Release)	Total Fees to Be Paid	Interim Expenses Requested	Expenses to Be Paid for Fee Period
3/25/16 ECF No. 122	10/27/15 – 02/29/16	\$230,022.50	\$201,732.75 ⁴	\$161,386.20	\$0.00	\$161,386.20	\$7,293.60	\$6,601.89 ⁵

² Under this Court’s Compensation Order (as defined herein), Arent Fox’s filed Monthly Fee Statements and received payment of 80 percent of the fees and 100 percent of the expenses requested, subject to Interim Fee Application and approval of this Court.

³ The fees allowed to be paid do not include the holdback of 20% for each professional retained by the Debtor.

⁴ To resolve informal objections raised by the United States Trustee, Arent Fox agreed to voluntarily reduce the amount of fees requested by \$28,289.75.

⁵ To resolve informal objections raised by the United States Trustee, Arent Fox agreed to voluntarily reduce the amount of expenses requested by \$691.71.

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AS GENERAL BANKRUPTCY COUNSEL TO THE DEBTOR,
FOR INTERIM ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR SERVICES RENDERED
DURING THE PERIOD FROM MARCH 1, 2016 THROUGH JUNE 30, 2016**

Arent Fox LLP (“Arent Fox”), general bankruptcy and restructuring counsel for Airfasttickets, Inc., the debtor and debtor in possession (the “Debtor”), hereby submits its second interim fee application (the “Application”) under (i) sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), (ii) Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (iii) the *Compensation Order* (as defined herein), for interim allowance of compensation for services rendered in the aggregate amount of \$369,491.00 and for reimbursement of actual and necessary expenses incurred by Arent Fox in connection therewith in the amount of \$1,754.52 for the period from March 1, 2016

through June 30, 2016 (the “Compensation Period”). In support of this Application, Arent Fox respectfully represents as follows:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

2. On July 27, 2015, certain of the Debtor’s creditors filed an involuntary petition against the Debtor seeking an order for relief under chapter 7 of the Bankruptcy Code.

3. On September 21, 2015, the Debtor filed an answer, consenting to the entry of an order for relief under the Bankruptcy Code. The Debtor also filed its *Motion to Convert Chapter 7 Case to Chapter 11 Pursuant to 11 U.S.C. § 706(a)*, seeking to convert the Debtor’s case to one under chapter 11 of the Bankruptcy Code.

4. On October 27, 2015 the Court signed an order converting the Debtor’s case to one under chapter 11 of the Bankruptcy Code, establishing October 27, 2015 as the date of the order for relief. No trustee or examiner has been requested in this chapter 11 case.

5. On November 13, 2015, a creditors committee formation meeting was convened by the United States Trustee, but no committee was formed.

6. On November 24, 2015, the Court approved the sale of substantially all of the Debtor’s intellectual property and software and certain related assets under section 363 of the Bankruptcy Code.

7. On December 2, 2015, the Court approved the retention of Arent Fox, LLP as general bankruptcy and restructuring counsel to the Debtor and Richards, Layton & Finger, P.A. as special counsel to the Debtor in its chapter 11 case.

8. On December 2, 2015, this Court entered the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [ECF No. 72], which was amended by the *Amended Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* dated February 2, 2016 [ECF No. 95] (the “Compensation Order”).

RELIEF REQUESTED

9. By this Application, Arent Fox seeks (i) interim allowance and award of compensation for the professional services rendered by Arent Fox as general bankruptcy and restructuring counsel to the Debtor during the Compensation Period in the amount of \$369,491.00¹, representing 596.5 hours of professional services and 140.8 hours of paraprofessional services; and (ii) reimbursement of actual and necessary expenses in the amount of \$1,754.52 incurred by Arent Fox during the Compensation Period in connection with the rendition of its services. Before filing this Application, Arent Fox wrote off fees in the amount of \$16,246.50, representing 41.70 hours of professional services rendered during the Compensation Period. Further, Arent Fox has reduced the fees sought in this Application by an additional \$3,138.00 to account for a time entry billed in error in matter 6 (\$837.50) and time billed in error related to the redaction of monthly fee statements and operating reports (\$2,300.50). The time entries in question are highlighted in yellow in **Exhibit B** attached hereto.

10. Arent Fox seeks payment of 80% of its fees (\$295,592.80) and 100% of its expenses (\$1,754.52) relating to services rendered during the Compensation Period.

¹ The aggregate amount of fees requested in Arent Fox’s monthly fee statements for the months of March 2016 through and including June 2016 is \$372,629.00, which amount reflects a voluntary reduction of \$16,246.50. Further, Arent Fox has reduced the fees sought in this Application by an additional \$3,138.00 to account for a time entry billed in error in matter 6 (\$837.50), and time billed in error related to the redaction of monthly fee statements and operating reports (\$2,300.50). The time entries in question are highlighted in yellow in **Exhibit B** attached hereto.

11. As stated in the Declaration of Aram Ordubegian, Esq. (the “Ordubegian Declaration”), annexed hereto as Exhibit A, all services for which compensation is sought by Arent Fox were performed for, on behalf of, and at the request of the Debtor.

12. Arent Fox has received no payment and no promises for payment from any source, other than the Debtor’s payments received to date pursuant to the Compensation Order, for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application for the Compensation Period. There is no agreement or understanding between Arent Fox and any persons other than the partners of Arent Fox for the sharing of compensation to be received for services rendered in this case.

SUMMARY OF SERVICES RENDERED DURING THE COMPENSATION PERIOD

13. Throughout this Debtor’s chapter 11 case, Arent Fox, on behalf, and at the request, of the Debtor, has worked tirelessly to investigate the Debtor’s prepetition transactions, to unlock and enhance the value of the Debtor’s assets for the benefit of the Debtor’s estate and unsecured creditors, and to maximize potential distributions to the Debtor’s unsecured creditors. To that end, Arent Fox performed due diligence and investigated the Debtor’s business and financial transactions and developed legal theories, strategies and positions on key case issues, including commencing and prosecuting certain examinations and discovery requests under Bankruptcy Rule 2004 and commencing and prosecuting certain litigation actions to recover the Debtor’s misappropriated assets and to recover against the Debtor’s former directors and officers and certain insiders. Further, Arent Fox has worked efficiently and effectively with the Debtor and its financial advisor to develop, draft and file the Debtor’s chapter 11 plan, disclosure statement and chapter 11 exit strategy.

14. This Application provides a brief summary of the services rendered by Arent Fox on behalf of the Debtor during the Compensation Period by category. While it is not possible or practical to describe each and every activity undertaken by Arent Fox, Arent Fox has maintained contemporaneous time records, which include a detailed chronology of the daily services rendered describing the precise nature of the work, the specific tasks performed, and the time expended by each attorney and paraprofessional. A copy of the time records for the Compensation Period is annexed hereto as **Exhibit B**. A breakdown of the hours and fees by attorney and paraprofessional is annexed hereto as **Exhibit C**.

15. To the best of Arent Fox’s knowledge, this Application complies with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the *Local Bankruptcy Rules for the Southern District of New York* (the “Local Rules”), the *Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases effective February 5, 2013* [SDNY Administrative Order M-447] (the “Guidelines”), and the Compensation Order.

CASE MANAGEMENT AND OPERATING REPORTS (00002)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Aram Ordubegian	Partner	0.4	\$735	\$294.00
Andy S. Kong	Partner	2.4	\$600	\$1,440.00
George V. Utlik	Associate	7.8	\$530	\$4,134.00
Lisa Indelicato	Paraprofessional	1.4	\$335	\$469.00
Mariola Wiatrak	Paraprofessional	1.3	\$210	\$273.00
TOTAL:		13.3		\$6,610.00

16. This project category includes time billed by Arent Fox’s professionals and devoted to the efficient management and administration of the Debtor’s chapter 11 case on the daily basis. Arent Fox counseled the Debtor about the case status, pending issues, projects and tasks, as well as responsibilities and requirements of chapter 11 under the Bankruptcy Code and

Bankruptcy Rules and otherwise assisted the Debtor throughout the Compensation Period in meeting the Debtors' duties and obligations in the Debtor's chapter 11 case. To that end, Arent Fox assisted the Debtor in preparing, reviewing, and filing monthly operating reports, performing diligence and complying with duties and disclosure requirements under the Bankruptcy Code, Bankruptcy Rules, the Office of the United States Trustee's Guidelines, and the Local Rules.

17. Further, Arent Fox responded to creditor inquiries concerning the case status and operating reports and prepared for the Debtor various case updates and status reports, and various other pleadings and documents required in the Debtor's chapter 11 case. In addition, Arent Fox prepared for and attended certain court conferences and hearings to consider, among other things, the employment and retention of the estate professionals and applications for compensation and reimbursement of the estate professionals and attended related meetings and conferences in the Debtor's chapter 11 case.

INVESTIGATION, DUE DILIGENCE AND ANALYSIS (00004)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Michael S. Cryan	Partner	6.6	\$735	\$4,851.00
Aram Ordubegian	Partner	0.2	\$735	\$147.00
Andy S. Kong	Partner	3.9	\$600	\$2,340.00
George V. Utlik	Associate	95.4	\$530	\$50,562.00
M. Douglas Flahaut	Associate	0.4	\$530	\$212.00
Sevan Gorginian	Associate	7.8	\$330	\$2,574.00
Lisa Indelicato	Paraprofessional	14.7	\$335	\$4,924.50
Mariola Wiatrak	Paraprofessional	0.6	\$210	\$126.00
TOTAL:		129.6		\$65,736.50

18. This project category includes time billed by Arent Fox's professionals and devoted to the investigation, due diligence and analyses as well as related meetings and

communications by telephone and email with the Debtor and its professionals on the day-to-day basis. Among other things, Arent Fox's professionals conferred with the Debtor and the Debtor's financial advisor regarding pending litigation projects, matters subject to diligence and investigations and related planning concerning pending and upcoming courts hearings and proposed resolutions of imminent issues, case status, preparations and strategy, as well as review and analyses of the Debtor's assets and liabilities.

19. Arent Fox also provided the Debtor information and its analyses and recommendations concerning potential examinations and related applications under Bankruptcy Rule 2004, preparation of subpoenas and documents requests to various companies and financial institutions and shared related findings and proposed documents and related submissions to the Court. In addition, Arent Fox provided status updates regarding pending investigations and examinations of the Debtor's financial accounts and information, anticipated and pending litigation, pending discovery issues, factual and legal research results, case status updates regarding court hearing results in contested matters and adversary proceedings, as well as upcoming actions that may or should be pursued by the Debtor. Arent Fox also reviewed the documents produced in response to the subpoenas issued during the Compensation Period.

20. Moreover, Arent Fox communicated with the Debtor and its financial advisor concerning the Debtor's ongoing books and records review, due diligence and investigation of available information, document requests and requests for information by various creditors and the Debtor's potential responses. Arent Fox communicated with the Debtor concerning its various assets and liabilities, pending and potential claims and causes of action of the estate, as well as available insurance coverage for the Debtor under the D&O insurance and other insurance policies. The Debtor's diligence and investigations remain ongoing.

ASSET ANALYSIS AND RECOVERY (00009)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Aram Ordubegian	Partner	0.3	\$735	\$220.50
Richard D. Buckley	Partner	1.4	\$635	\$889.00
Andy S. Kong	Partner	18.1	\$600	\$10,860.00
Eric A. Biderman	Counsel	15.0	\$580	\$8,700.00
George V. Utlik	Associate	1.4	\$530	\$742.00
Amanda Kyeretwie	Paraprofessional	7.9	\$245	\$1,935.50
TOTAL:		44.1		\$23,347.00

21. This category includes time spent by Arent Fox in performing asset analyses and developing strategy for recovery, as well as related diligence and review of the Debtor's assets, including various claims and causes of action that belong to the Debtor's estate. Among other things, Arent Fox communicated and worked closely with the Debtor and its representatives and financial advisor to review the Debtor's books and records and to determine the scope and extent of the Debtor's available assets and interests in certain funds and properties, including surety bonds and bank deposits. Further, Arent Fox evaluated and recommended to the Debtor potential litigation for recovery of certain assets and claims that belong to the estate, and engaged in related investigation and discovery.

CLAIMS ADMINISTRATION AND OBJECTIONS (00010)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Aram Ordubegian	Partner	0.7	\$735	\$514.50
Andy S. Kong	Partner	4.6	\$600	\$2,760.00
George V. Utlik	Associate	1.5	\$530	\$795.00
M. Douglas Flahaut	Associate	4.7	\$530	\$2,491.00
Sevan Gorginian	Associate	4.4	\$330	\$1,452.00
Lisa Indelicato	Paraprofessional	1.2	\$335	\$402.00
Amanda Kyeretwie	Paraprofessional	3.4	\$245	\$833.00
TOTAL:		20.5		\$9,247.50

22. In connection with this category of services, Arent Fox worked with the Debtor and its financial advisor regarding review and analyses of claims filed and scheduled against the Debtor’s estate and ongoing claims reconciliation for purposes of maintaining an overview and management of the claims’ pool. During the Compensation Period, Arent Fox also responded to numerous communications from creditors in this chapter 11 case, including requests for payment of certain employees’ claims and administrative claimants. Furthermore, Arent Fox prepared and prosecuted the Debtor’s motion for establishing a claims bar date, along with related procedures and notice, including notice by publication.

ADVERSARY PROCEEDINGS (00012)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Michael S. Cryan	Partner	103.5		\$76,072.50
Andy S. Kong	Partner	12.3	\$600	\$7,380.00
George V. Utlik	Associate	12.5		\$6,625.00
Mohammed T. Farooqui	Associate	7.4		\$2,442.00
Sevan Gorginian	Associate	54.2	\$330	\$17,886.00
Lisa Indelicato	Paraprofessional	25.9		\$8,676.50
Desiree M. Morris	Paraprofessional	1.5		\$465.00
Amanda Kyeretwie	Paraprofessional	2.6		\$637.00
Mariola Wiatrak	Paraprofessional	2.8		\$588.00
TOTAL:		222.7		\$120,772.00

23. This category includes time spent by Arent Fox in reviewing Debtor’s transactions, documents and correspondence related to certain funds held on deposit at Citibank, N.A. and preparing and commencing an adversary proceeding by drafting and filing a complaint and summons, as supported by relevant documents and correspondence, against Citibank, N.A. and the Debtor’s insider, Nikolaos Koklonis, for turnover of funds and to enjoin the defendants from further transferring funds the estate has an interest in.

24. In connection with this category of services, Arent Fox spent time performing factual and legal research, communicating with the Debtor and its financial advisor regarding litigation status and pending issues, evaluating and addressing issues regarding service of process for a defendant located in Greece, and communicating with counsel for the defendants. In addition, Arent Fox's professionals also prepared for pretrial conferences and preliminary injunction hearing, drafting relevant declarations and otherwise satisfying the Debtor's obligations in prosecuting the adversary proceeding and complying with the Court's rules. Arent Fox also prepared and submitted proposing scheduling order, considered and addressed potential discovery issues, and communicated with the adversaries' counsel regarding pending issues, negotiations, potential resolution of litigation, voluntary document production, and necessary adjournment of pretrial conferences.

25. During the Compensation Period, Arent Fox's professionals also drafted necessary declarations and prosecuted the Debtor's application for preliminary injunction and temporary restraining order against the defendants and prepared and submitted proposed order to show cause. Arent Fox's professionals prepared for and attended hearing on application for preliminary injunction against defendants. Further, Arent Fox's professionals analyzed issues asserted by counsel for the defendants, including potential counterclaims against the estate and Koklonis' alleged claims against the Debtor and its estate. Arent Fox's professionals analyzed documents regarding underlying transactions, drafted necessary stipulations regarding injunction to funds, and drafted and pursued informal document requests to Citibank for the records necessary and information related to the adversary proceeding and successful prosecution of the litigation. In addition, Arent Fox communicated with the Debtor and its financial advisor regarding the status and issues related to the litigation, asserted the Debtor's

position and developed strategies for necessary further investigations and discovery and potential resolution of the matter.

26. In addition, Arent Fox’s professionals pursued discovery and prosecuted requests for documents and subpoenas against certain entities and addressed issues regarding parties’ correspondence and motion to quash subpoena regarding defendants. Moreover, Arent Fox’s professionals analyzed documents and issues and developed theories for asserting additional claims against the Debtor’s insider defendant.

27. Moreover, Arent Fox’s professionals prepared and prosecuted a motion for authority to redacted certain confidential information and bank accounts numbers contained in the complaint and its exhibits, as required under the Court’s rules and privacy protection procedures, and attended the hearing on the Debtor’s motion.

PROFESSIONAL RETENTION (00013)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Andy S. Kong	Partner	6.1	\$600	\$3,660.00
George V. Utlik	Associate	9.2	\$530	\$4,876.00
M. Douglas Flahaut	Associate	6.5	\$530	\$3,445.00
Sevan Gorginian	Associate	7.2	\$330	\$2,376.00
Lisa Indelicato	Paraprofessional	11.1	\$335	\$3,718.50
Mariola Wiatrak	Paraprofessional	2.7	\$210	\$567.00
TOTAL:		42.8		\$18,642.50

28. During the Compensation Period, Arent Fox expended necessary time preparing, commenting on and filing monthly and interim fee applications and related documents, notices and proposed orders to retain the estate’s various professionals, including the Debtor’s co-counsel, accountants and financial advisors, performing required review and search for updated conflicts and connections and drafting appropriate disclosures concerning all parties in interest, complying with the Court’s order establishing procedures for compensation and reimbursement

of expenses for the estate’s professionals and addressing related issues, and preparing for and attending a hearing on approval of the professionals’ retention applications before the Court.

FEE APPLICATIONS (00014)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Aram Ordubegian	Partner	1.4	\$735	\$1,029.00
Andy S. Kong	Partner	6.0	\$600	\$3,600.00
George V. Utlik	Associate	12.2	\$530	\$6,466.00
Sevan Gorginian	Associate	1.4	\$330	\$462.00
Lisa Indelicato	Paraprofessional	23.2	\$335	\$7,772.00
Mariola Wiatrak	Paraprofessional	19.9	\$210	\$4,179.00
TOTAL:		64.1		\$23,508.00

29. In connection with this category of services, Arent Fox performed services and took actions necessary to review, prepare, compile, file, and serve monthly fee statements of Arent Fox and other professionals retained by the estate in accordance with the Bankruptcy Code, Bankruptcy Rules, the SDNY Administrative Order M-447, the Court’s Interim Compensation Procedures Order, and in compliance with the procedures and guidelines established by the Office of the United States Trustee. In addition, Arent Fox reviewed, commented on, filed and served monthly invoices and fee statements of Richards, Layton & Finger, special counsel for the Debtor, and BSW & Associates, the Debtor’s financial advisors. During the Compensation Period, Arent Fox also prepared and prosecuted its first interim fee application and attended the hearing on consideration and approval of fee applications filed by the other professionals retained by the Debtor’s estate. In addition, Arent Fox drafted summaries and communicated the requirements for the estate professionals to ensure that their fee statements and interim applications comply with the applicable bankruptcy rules and orders.

DISCLOSURE STATEMENT AND PLAN MATTERS AND SOLICITATION (00016)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Michael S. Cryan	Partner	7.2	\$735	\$5,292.00
Aram Ordubegian	Partner	4.5	\$735	\$3,307.50
Andy S. Kong	Partner	1.5	\$600	\$900.00
George V. Utlik	Associate	62.3	\$530	\$33,019.00
M. Douglas Flahuat	Associate	56.2	\$530	\$29,786.00
Sevan Gorginian	Associate	16.5	\$330	\$5,445.00
Lisa Indelicato	Paraprofessional	10.7	\$335	\$3,584.50
Mariola Wiatrak	Paraprofessional	2.2	\$210	\$462.00
TOTAL:		161.1		\$81,796.00

30. During the Compensation Period, Arent Fox spent time communicating and developing strategy with the Debtor and its financial advisor on the Debtor's reorganization options and appropriate chapter 11 exit strategy, including the preparation of the Debtor's proposed chapter 11 plan of liquidation and related disclosure statement, as well as the Debtor's motion for approval of solicitation procedures, notices, ballots and related forms. Arent Fox worked closely and cooperatively with the Debtor's financial advisors drafting and preparing the Debtor's proposed chapter 11 plan and related disclosure statement, as well as other relevant documents, including the Debtor's liquidation analysis and liquidating trust agreement. Among other things, Arent Fox's professionals considered, analyzed and proposed classification and treatment of various classes of creditors under the plan, devised confirmation timeline and addressed related solicitation issues, drafted the Debtor's plan provisions dealing with plan release and exculpation provisions, and set up a process for post-confirmation claims objections and potential distributions to the creditors of the estate under the Debtor's proposed plan.

NY STATE COURT ACTION AGAINST FRANK FERRO, ET AL. (00030)

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Michael S. Cryan	Partner	16.9	\$735	\$12,421.50
Andy S. Kong	Partner	0.9	\$600	\$540.00

PROFESSIONALS	POSITION	HOURS	RATE	TOTAL
Eric A. Biderman	Counsel	4.1	\$580	\$2,378.00
George V. Utlik	Associate	4.2	\$530	\$2,226.00
Lisa Indelicato	Paraprofessional	1.9	\$335	\$636.50
Margery B. Narcisse	Paraprofessional	3.3	\$310	\$1,023.00
TOTAL:		31.3		\$19,225.00

31. In connection with this category of services, Arent Fox’s professionals, on behalf of the Debtor’s receiver, spent time preparing and prosecuting an action against the Debtor’s former directors and officers. Arent Fox spent time researching, analyzing, and reviewing the Debtor’s documents and financial transactions, as well as the Debtor’s directors and officers insurance and scope and extent of available coverage. Arent Fox also spent time analyzing and reviewing cases and secondary sources regarding the estate’s claims and causes of action for breaches of fiduciary duties against the Debtor’s former directors and officers.

STATUTORY BASIS FOR COMPENSATION

32. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code, as supplemented by Bankruptcy Rule 2016. Arent Fox seeks compensation for actual, necessary professional services rendered and reimbursement of reasonable expenses incurred on behalf of the Debtor during the Compensation Period.

33. Section 331 of the Bankruptcy Code permits professionals employed by the Bankruptcy Court to apply for interim compensation under the standards set forth in section 330. Section 330(a)(1) of the Bankruptcy Code allows for the following: “(A) reasonable compensation for actual, necessary services rendered by . . . [an] attorney and by any paraprofessional person employed by such [attorney]; and (B) reimbursement for actual, necessary expenses.”

34. Section 330(a)(3)(A) of the Bankruptcy Code provides that,

[i]n 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 [Title 11]; (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 (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title [11].

11 U.S.C. § 330(a)(3).

35. Congress intended that bankruptcy attorneys be compensated at the market rate for comparable services in non-bankruptcy cases. *See In re Ames Dep't Stores, Inc.*, 76 F.3d 66, 71 (2d Cir. 1996) (citing *In re UNR Indus., Inc.*, 986 F.2d 207, 208–09 (7th Cir. 1993)); see also *In re Drexel Burnham Lambert Group, Inc.*, 133 B.R. 13, 21–22 (Bankr. S.D.N.Y. 1991) (Conrad, J.). The policy of section 330 is to ensure that qualified attorneys will “not be deterred from taking bankruptcy cases due to a failure to pay adequate compensation.” *Ames Dep't Stores*, 76 F.3d at 72 (citing *UNR Indus.*, 986 F.2d at 210).

36. As demonstrated in this Application and Arent Fox's related time records for the Compensation Period, the services were performed efficiently and effectively and were done for and at the request of the Debtor in furtherance of the fiduciary obligations or statutory duties of the Debtor and were necessary and beneficial to the bankruptcy estate and its creditors.

ACTUAL AND NECESSARY EXPENSES

37. During the Compensation Period, Arent Fox incurred \$1,754.52 in actual and necessary expenses on behalf of the Debtor, including court filing fees, court costs, overnight delivery services, professional service fees, duplicating and postage fees, and other costs and expenses. Detailed descriptions of Arent Fox's expenses are included in **Exhibit B** attached

hereto. A summary of the actual and necessary expenses incurred by Arent Fox during the Compensation Period is attached hereto as **Exhibit D**.

38. It should be noted that while representing the Debtor in this case, Arent Fox lowered its customary black-and-white photocopying charge of \$.20 per page to \$.10 per page, and its customary color photocopying charge of \$.75 per page to \$.10 per page. In addition, Arent Fox lowered its customary charges of \$1.25 per page for out-going facsimile transmissions to \$1.00 per page. Actual long-distance carrier charges for outgoing facsimile transmissions are reflected in the long-distance telephone charges.

39. The parking, mileage and taxicab expenses incurred during the Compensation Period consist of public fares and taxi services to attend various hearings in this bankruptcy case, including the pre-trial conferences and court hearings on the retention and other applications filed by estate professionals in the Debtor's chapter 11 case. With respect to overtime meals and taxi fares, Arent Fox's paraprofessionals incurred working and overtime meal expenses and, if the circumstances warranted, taxi fares to get home from the office while working after normal business hours to meet various filing deadlines as they arose in this Debtor's bankruptcy case.

40. Arent Fox believes that the foregoing rates for the services rendered are in accord with the market rates that the majority of law firms charge their clients for such services. The expenses are reasonable and economical in view of the necessity of the services provided and are of the type customarily charged to non-bankruptcy clients of Arent Fox.

WHEREFORE, Arent Fox respectfully requests that the Court:

(a) approve, on an interim basis, the allowance of \$369,491.00 for compensation for professional services rendered to the Debtor during the period from March 1, 2016 through and including June 30, 2016;

(b) approve the reimbursement of Arent Fox's out-of-pocket expenses incurred in connection with the rendering of such services during the period from March 1, 2016 through and including June 30, 2016, in the amount of \$1,754.52; and

(c) authorize and direct the Debtor to immediately pay to Arent Fox the amount of \$297,347.32, which is equal to the sum of 80% of Arent Fox's fees and 100% of Arent Fox's expenses incurred during the Compensation Period.

Dated: August 17, 2016
New York, New York

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