Local Form 2016 (9/99)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

Case Name: **THE CATHOLIC BISHOP OF SPOKANE a/k/a THE CATHOLIC DIOCESE OF SPOKANE**

Case Number: **04-08822-PCW11**

APPLICATION FOR AWARD OF COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES PURSUANT TO 11 USC § 330

Name of Applicant:	**Pachulski Stang Ziehl Young Jones & Weintraub LLP**
Position of Applicant:	**Attorneys for Committee of Tort Litigants**
Application Number:	**2nd** ☒Interim ☐Final

The undersigned Applicant applies to the court for an award or allowance of compensation for services rendered and for reimbursement of expenses incurred in the above entitled case pursuant to 11 U.S.C. § 330 (or U.S.C. § 331 if an interim application). This application is supported by the following information and attached documents:

I. (If Applicant is employee of trustee, debtor in possession, or creditors committee) date of entry of Order Approving Employment: **March 30, 2005 (Docket #323)**

II. Dates Covered by this application: **from April 1, 2005 to June 30, 2005**

III. The name, position, hourly rate, total time spent and amount requested for all compensation for services rendered by each person covered by this application, in connection with this case, is as follows (If this is the FIRST application, include ALL time and amounts, both pre- and post-petition in this application):

Name	Position	Hourly Rate	Total Time	Amt. Requested
James I. Stang	Attorney	$400.00/hr.	355.0 hrs.	$142,000.00
Hamid J. Rafatjoo	Attorney	$400.00/hr.	348.8 hrs.	$139,520.00
J. Rudy Freeman	Attorney	$400.00/hr.	239.7 hrs	$95,880.00
John D. Fiero	Attorney	$400.00/hr.	120.9 hrs	$48,360.00
Gina F. Brandt	Attorney	$400.00/hr.	114.8 hrs	$45,920.00
Linda F. Cantor	Attorney	$400.00/hr.	81.2 hrs	$32,480.00
Harry D. Hochman	Attorney	$400.00/hr.	47.3 hrs	$18,920.00
Joseph S. Bolnick	Attorney	$400.00/hr.	40.1 hrs	$16,040.00
James K.T. Hunter	Attorney	$400.00/hr.	21.7 hrs	$8,680.00
Stanley E. Goldrich	Attorney	$400.00/hr.	00.3 hrs	$120.00
Gillian N. Brown	Attorney	$275.00/hr	93.5 hrs	$25,712.50
Jorge E. Rojas	Paralegal	$150.00/hr	149.6 hrs	$22,440.00
Michael A. Matteo	Paralegal	$150.00/hr	00.5 hrs	$75.00
Leslie A. Forrester	Director of Legal Research	$150.00/hr	12.4 hrs	$1,860.00
Totals			**1625.8 hrs**	**$598,007.50**

This Billing statement is organized using modified portions of the Uniform Task Based Billing Codes developed by the American Bar Association and the American Corporate Counsel Association. The Codes have been modified to represent tasks generally incurred in bankruptcy proceedings and related adversarial actions. Below are the Tasks codes used by PSZYJW in connection with this case.

Time Activity/Allocation Codes
AA – Asset Analysis/Recovery
AD – Asset Disposition
AP - Appeals
BL – Bankruptcy Litigation
CA – Case Administration
CO – Claims Admin/Objections
CP – Compensation Prof.
CPO – Comp. of Prof./Others
CO – Claims Admin/Objections
DR – Declaratory Relief
FF – Financial Filings
GC – General Creditors Comm.
IC – Insurance Coverage
OP - Operations
PD – Plan & Disclosure Stmt.
RP – Retention of Prof.
RPO – Ret. Of Prof./Other

IV. Total amount of REIMBURSEMENT of expenses requested by this application in connection with this case (if this is the FIRST application, include ALL costs, including filing fees, both pre- and post-petition:

Air Fare	$2,158.00	
Auto Travel Expense	$60.00	
Conference Call	$1,940.77	
Federal Express	$537.82	
Fax Transmittals	$4.20	
Hotel Expenses	$1,382.20	
Outside Duplication Cost	$404.70	
Lexis/Nexis Legal Research	$710.39	
Miscellaneous	$4,494.50	
Outside Reproduction Expense	$353.51	
Pacer – Court Research	$1,019.76	
Postage	$111.67	
Reproduction Expense	$5,541.80	
Telephone Expense	$2,261.62	
Transcript	$88.00	
Travel Expense	$157.54	
Westlaw Legal Research	$36,160.42	**Total $57,386.90**

V. Total of compensation and reimbursement requested: **$655,394.40**

VI. (If Applicant is a trustee) The maximum amount of compensation allowable under 11 USC 326(a) is: **N/A**

VII. (If Applicant is an employee of trustee, debtor in possession or creditors committee) All Compensation for services rendered and reimbursement of expenses incurred for which award is sought were necessary to the administration of the case; beneficial to the estate, and does not include any unnecessary duplication of services.

☒ Yes
☐ No
☐ N/A
(If answer is NO attach an explanation.)

VIII. (If Applicant is the attorney for the debtor) All compensation for services rendered and reimbursement for expenses incurred for which award is sought for representing the interests of the debtor(s) were necessary and beneficial to the debtor(s) in connection with the case.

☐ Yes
☐ No
☒ N/A
(If answer is NO attach an explanation.)

IX. Compensation or reimbursement previously received has been shared with another entity, or an agreement or understanding exists between the Applicant and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with this case, except as a member or regular associate of a firm of lawyers.

☐ Yes
☐ No
☒ N/A
(If answer is NO attach an explanation.)

X. Attached to this application, and made a part of this application are the following supporting documents:

a. ☒ Statement of Money or Property Received or Promised Other than by Application (required in all cases, LF 2016A);

b. ☒ Summary Supporting Application for Compensation for Services or Reimbursement of Expenses (required in all cases, LF 2016B);

c. ☒ Itemization of Services Rendered (required except in Chapter 13 case if cumulative compensation is $1,000 or less; itemization must be by project category if cumulative compensation exceeds $10,000);

d. ☒ Itemization of Expenses (required except in Chapter 13 case if cumulative compensation is $1,000 or less);

e. ☒ Narrative Summary (required if cumulative compensation exceeds $10,000, LF 2016C).

The undersigned Applicant states under penalty of perjury that the representations contained in this application and attachments are true and correct to the best of Applicant's knowledge and belief.

DATED 5/2/06

James I. Stang (CA Bar No. 94435)
Hamid R. Rafatjoo (CA Bar No. 181564)

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Local Form 2016A (9/99)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

Case Name: **THE CATHOLIC BISHOP OF SPOKANE a/k/a THE CATHOLIC DIOCESE OF SPOKANE** Case Number: **04-08822-PCW11**

STATEMENT OF MONEY OR PROPERTY RECEIVED OR PROMISED IN CONNECTION WITH THIS CASE OTHER THAN BY APPLICATION OR A PLAN

Name of Applicant: **Pachulski Stang Ziehl Young Jones & Weintraub LLP**

Position of Applicant: **Attorney for Committee of Tort Litigants**

Application Number: **2nd** ☒Interim ☐Final

☐ No money or property was received or promised other than by application or as part of a Chapter 13 Plan.

(a)	Money or things of value received other than by application or as part of a Chapter 13 Plan:	**N/A**
	(1) Amount received by attorney or firm for filing fee	**N/A**
	(2) Amount received before the order for relief by attorney or firm for services and costs	**N/A**
	(3) Amount received after the order for relief by attorney or firm for services and costs	**N/A**
	(4) Value of any property or service given to attorney or firm as payment of fees and costs	**N/A**
	Description:	
	(5) *Total of entries 1, 2, 3 and 4*	**N/A**
	(6) Amount remaining in client trust account	**-0-**
(b)	Amount applied to filing fee and services *(subtract entry (a)(6) from entry (a)(5))*	
(c)	**Money Promised: Nature of arrangement for promise of payment: Compensation promised at the rate of $_____ per hour.**	
(d)	Total amount and value of all money or property received or promised other than by Application or a Chapter 13 Plan *(items(a)(5) and (c))*:	
(e)	Other Items *(value and description of any liens, guarantees, security interests or promissory notes)*:	
(f)	Source of Payment or Promise *(if other than the debtor, identify entity and relationship to the debtor)*:	

Also see Exhibit A attached for disclosure of all funds received per Knudsen Order, prior to and including the period covered by this 2nd Interim Fee Application.

EXHIBIT A

The following is a summary of the funds that the law firm of Pachulski Stang Ziehl Young Jones & Weintraub LLP has received from the Debtor pursuant to the terms of the Knudsen Order entered by the Court at the onset of the case, prior to and including the period covered by this 2nd Interim Fee Application:

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2/8/05 to 2/28/05	$63,405.00	$6,911.53	$50,724.00	$6,911.53
3/1/05 to 3/31/05	$127,196.25	$997.80	$101,757.00	$997.80
4/1/05 to 4/30/05	$117,560.00	$6,335.18	$94,048.00	$6,335.18
5/1/05 to 5/31/05	$126,492.50	$18,023.13	$101,194.00	$18,023.13
6/1/05 to 6/30/05	$353,955.00	$33,028.59	$283,164.00	$33,028.59

Local Form 2016B (9/99)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

Case Name: **THE CATHOLIC BISHOP OF SPOKANE a/k/a THE CATHOLIC DIOCESE OF SPOKANE** Case Number: **04-08822-PCW11**

SUMMARY SUPPORTING APPLICATION FOR COMPENSATION FOR SERVICES OR REIMBURSEMENT OF EXPENSES

Name of Applicant: **Pachulski Stang Ziehl Young Jones & Weintraub LLP**

Position of Applicant: **Attorney for Committee of Tort Litigants**

Application Number: **2nd** ☒Interim ☐Final

Sequential #		Applied for	Awarded	Received
A Receipts other than by Application *(Transfer from (b) of Application LF 2016A)*	Date Compensation Expenses			N/A
B LBR 2016-1(d)(1) Receipts From Chapter 13 Trustee *($1,000 or less)*	Date Compensation			
Prior Application N/A	Date Compensation Reimbursement	May 11, 2005 $190,601.25 $7,909.33		
Present Application *(Transfer totals from III & IV of Application)* # 1	Date Compensation Reimbursement	May 2, 2006 $598,007.50 $57,386.90		
C Totals	Compensation Reimbursement Total Compensation and Reimbursement	$598,007.50 $57,386.90 $655,395.40	N/A	N/A

Local Form 2016C (9/99)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

Case Name: **THE CATHOLIC BISHOP OF SPOKANE a/k/a THE CATHOLIC DIOCESE OF SPOKANE, Debtor**

Case Number: **04-08822-PCW11**

NARRATIVE SUMMARY
(Required by LBR 2016-1(b)(1)(A) where requested compensation exceeds $10,000.00)

I. Background of the Case: Applicant is attorneys for the Committee of Tort Litigants (the "TLC"). TLC is comprised of tort plaintiffs that had previously sued the Debtor in pending state court actions. The principal reason for the Debtor's filing was to avoid that pending litigation and to have the matters resolved in this bankruptcy.

II. Financial Condition of the Estate: The undersigned draws conclusions based primarily upon a review of operating statements filed by the Debtor. The undersigned is only in possession of the Debtor's monthly operating statements for the months of January, February and March 2005. The nature of the Debtor and the peculiarities of a non-profit entity make it difficult to draw conventional conclusions respecting the Debtor's financial condition – even after a review of the operating statements. The peculiarities of this Debtor include, but are not limited to, its financial dealings with the parishes, the "debtor/creditor" relationship between the Debtor and the parishes signified by "loans", characterization of assets as "restricted" versus "temporarily restricted" versus "unrestricted", the unexplained nature of the interfund loans, and characterization of assets as being subject to "trusts", give rise to more questions than concrete answers. Traxi, LLC, has been employed as a financial advisor for the TLC. Completed reports from Traxi have not yet been generated. One of the many reasons necessitating such employment is a detailed analysis of the monthly operating statements in an effort to unravel the language and entries in these documents and to compare the same with the underlying support documents and with any reports submitted by the parishes, which reports the undersigned is not in possession of. With these concerns in mind, the undersigned makes the following limited observations based upon recently reviewed operating statements, as well as outstanding fee analysis generated by the Debtor.

A. Profit and Loss: Based upon the most recent operating statement, the Debtor would appear to be operating at a significant loss.

B. Amount of Cash on Hand or on Deposit: The undersigned reads the Debtor's January 2006 operating statement as indicating that $2,590.495.08 is on hand or on deposit.

C. Amount of Accrued Unpaid Administrative Expenses: A report produced by the Debtor approximately 30 to 40 days ago indicated total accrued but unpaid administrative expenses were $1,698,969.00. The undersigned would estimate that this number is approaching $2,000.000.00..

D. Amount of Unencumbered Funds in the Estate: Interpreting unencumbered

funds as meaning cash on hand or on deposit see paragraph B above.

III. Status of the Case: The Diocese bankruptcy has been pending for a period of approximately 17 months. Significant resolution or progress has been made with respect to the following issues: (1) property of the estate, (2) appointment of a future claims representative, (3) the establishment of a bar date and related notices, and (4) valuation of the Debtor's property, including parish churches and schools. Significant progress has not been made with respect to the following issues: (1) whether the parishes are separate legal entities from the Debtor, (2) the authorization of the TLC to bring avoidance actions, and (3) the submission of a confirmable plan of reorganization.

Perhaps of greater significance is the fact that the Debtor and the TLC have agreed to move forward to obtain court approval of a settlement. The undersigned believes this may very well be a springboard to a consensual plan in that there is incentive for the TCC and the FCR to settle. In light of a recent report by GVA Kidder placing the value of the Diocese properties at approximately $85 million, it would now seem that there is room for the TCC and the FCR to negotiate a settlement with the Debtor. The undersigned believes that these factors may very well lead to consensual plan incorporating the settlement between the Debtor and the TLC. On this basis, the undersigned believes that the case has some forward momentum.

IV. Description of Tasks or Projects for which Compensation is Sought: See detailed time/activity allocation in time sheets attached

V. If a Chapter 11 Case:

A. Status of the Plan and Disclosure Statement: Debtor has filed an amended plan and disclosure statement on December 30, 2005. The TLC has reserved objection in light of the pending settlement between the Debtor and the TLC. The Debtor and the TLC are working on certain plan modifications to integrate the terms of the settlement.

B. Status of Submission of Monthly Operating Statements: The undersigned is in possession of Debtors monthly operating statements from December 2004 through March 2006.

C. Payment of Quarterly U.S. Trustee Fees: The undersigned is unaware of the status of the U.S. Trustee fees as those are the Debtor's responsibility, the status of which has not been reported to the undersigned.

VI. Other Information: N/A