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12 **UNITED STATES BANKRUPTCY COURT**
13 **NORTHERN DISTRICT OF CALIFORNIA**
14 **OAKLAND DIVISION**

15 In re:

16 **FOX ORTEGA ENTERPRISES,**
17 **INC. dba PREMIER CRU,**

18 Debtor

Case No. 16-40050-WJL

Chapter 7

SUPPLEMENT TO:

**FIRST INTERIM FEE APPLICATION OF
ARENT FOX LLP FOR ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR THE PERIOD FROM
JANUARY 26, 2016 THROUGH AND
INCLUDING OCTOBER 31, 2016**

1 **TO THE HONORABLE WILLIAM J. LAFFERTY, UNITED STATES**
2 **BANKRUPTCY JUDGE; THE OFFICE OF THE UNITED STATES TRUSTEE;**
3 **AND ALL OTHER INTERESTED PARTIES:**

4 Arent Fox LLP (“Arent Fox”) hereby files this short supplement to its *First Interim*
5 *Fee Application* [Doc. No. 464] (the “Application”) to address certain concerns raised at
6 the Status Conference held on November 28, 2016 as well as those expressed informally,
7 since the status conference, by the Office of the United States Trustee.

8 Arent Fox’s employment as special conflicts counsel was authorized by this Court
9 on January 26, 2016 [Doc. No. 232] and, in order to properly serve in that role, Arent Fox
10 had to first get ‘up to speed’ in the case by learning the history of the case and the major
11 potential issues that were facing the Trustee and general bankruptcy counsel. Then, Arent
12 Fox was required to continue to stay abreast of developments in the case as they occurred.
13 Indeed, Arent Fox felt that in order to properly perform its role, it needed to have a
14 minimal, but meaningful presence in the case, especially during the crucial first few
15 months after the Trustee’s appointment. To that end, among other things, Aram
16 Ordubegian met with the Trustee and general counsel at the Trustee’s request and
17 reviewed and consulted with the Trustee regarding the potential exit scenarios and the
18 advice of general counsel. This time is recorded in the “Petition, Schedules, First day
19 Orders” and “Investigation, Due Diligence and Analysis” categories and Arent Fox
20 submits it is appropriate in the limited amounts set forth in the Application.

21 Additionally, Arent Fox recognizes about half of the time incurred in the Sale and
22 Disposition of Assets category (1.8 of the 3.5 hours recorded to this category) does not at
23 first blush appear to be the type of work typically performed by conflicts counsel and was
24 admittedly not necessary to keep up to speed in the case. However, while it was not
25 explained in great detail in the Application, Arent Fox recorded approximately 1.8 hours
26 of time in this category because an interested buyer had prior contacts to Arent Fox
27 attorney Doug Flahaut and, as such, reached out directly to Mr. Flahaut for information
28 regarding the sale of estate property. Recognizing the importance of generating as much

1 interest as possible in the estate's assets in these types of situations, Mr. Flahaut used his
2 prior connection to the estate's advantage and went to some length to answer the proposed
3 buyer's questions, attempt to increase his interest in the assets, provide additional
4 information, and then put the buyer in touch with the Trustee and the Trustee's general
5 counsel. This minimal amount of work was, in our view, reasonable at the time it was
6 performed in that it was specifically designed to generate interest in the sale of the estate's
7 property and increase the ultimate sale price thereby benefiting the estate. The remaining
8 1.7 hours billed by Arent Fox attorneys in this category relate to the minimum amount of
9 time Arent Fox felt was necessary to review and understand the sale motion and sale
10 process structure and then provide requested advice to the Trustee regarding the sale in the
11 role of conflicts counsel in same.

12 It is also worth noting that prior to filing this Supplement, Arent Fox had good and
13 productive conversations with the Office of the United States Trustee regarding the
14 Application and Arent Fox intends to keep the lines of communication open with the
15 Office of the United States Trustee to address any additional concerns that may not have
16 been directly addressed in this Supplement.

17 Finally, in the interests of minimizing administrative costs an in light of the
18 relatively small amount sought on an interim basis in its Application, Arent Fox would
19 request that it be allowed to appear telephonically at the December 14, 2016 hearing.

20 Dated: December 7, 2016

Respectfully submitted,

ARENT FOX LLP

23 By: /s/ M. Douglas Flahaut

24 M. Douglas Flahaut
25 Aram Ordubegian
26 Special Conflicts Counsel for Michael
27 G. Kasolas, Chapter 7 Trustee
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