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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re

FOX ORTEGA ENTERPRISES, INC.,
dba PREMIER CRU,

Debtor.

Case No. 16-40050-WJL

Chapter 7

**DECLARATION OF VAROUJ BAKHSHIAN
IN SUPPORT OF SECOND APPLICATION
OF BMC GROUP, INC. FOR INTERIM
COMPENSATION FOR SERVICES
RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED**

Hearing Date: December 20, 2016

Time: 2:00 p.m.

Courtroom: 220

I, Varouj Bakhshian, declare:

1. I am employed by BMC Group, Inc. ("**BMC**"), located at 3732 W. 120th Street, Hawthorne, California 90250. I am a Director of BMC, and I have personal knowledge of the matters set forth herein.

2. This declaration is submitted in support of the "*Second Application of BMC Group, Inc. for Interim Compensation for Services Rendered and Reimbursement of Expenses Incurred*"

(the “Application”) filed concurrently herewith. All capitalized terms used herein but not otherwise defined shall have the same meaning set forth in the Application.

3. I have personally reviewed the Application, and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Rather than restating in this Declaration the facts and representations contained in the Application, I hereby incorporate such factual statements and representations herein by this reference and confirm that they are true and correct.

4. As the project manager in charge of the case at BMC, I am thoroughly familiar with the work performed by the consultants and employees of BMC and expenses incurred on behalf of the Trustee during the Application Period. I have reviewed the time and billing records for the Application Period and have caused the preparation of the exhibits annexed hereto:

Exhibit A – Fee Invoice detailing the time expended by the consultants and employees of BMC during the Application Period, which provides: (i) a description of the individual timekeeper performing the services; (ii) the date the services were performed; (iii) whether the services were for Fox Ortega Enterprises or related to the Class Action; (iv) a detailed description of the nature of the services and the related time expended; (v) a summary of the hours and total compensation requested by timekeeper, and each timekeeper’s biographical information; and (vi) a summary of the hours and total compensation for each project category; and **Exhibit B** – Expense Summary of the expenses and production costs during the Application Period, and Expense Invoices comprised of an expense summary and detail reports for expenses and production costs during the Application Period, all broken out by either Fox Ortega Enterprises or Class Action.

5. The discussion below provides an overview of the services performed by BMC by category. Pursuant to requests from the Trustee, the services have been broken out by the fees and hours allocable to Fox Ortega Enterprises (“FOE”) and those allocable to Class Action (“Class Action”):

a) Case Management: Total Hours: 56.4; Total Fees: \$5,494.50

FOE: Hours: 47.4; Fees: \$4,773.50 Class Action: Hours: 9.0; Fees: \$721.00

Services in this category relate to case management and related communications with the Trustee and his counsel regarding events in the case, upcoming deadlines and anticipated actions and services to be provided by BMC, the preparation of BMC's first interim fee application¹, the request from the Trustee's counsel to breakout BMC's fees and expenses requested in the first interim fee application that were allocable to Class Action, the preparation of a subsequent administrative request for Class Action fees and expenses, and preparation of invoices to the Trustee for services rendered and expenses incurred.

b) Claims Management: Total Hours: 87.7; Total Fees: \$5,842.00

FOE: Hours: 87.7; Fees: \$5,842.00 Class Action: None

Services in this category are for specific claims reporting, claims analysis and related requests from the Trustee, along with review and verification of claims filed, claim classes and preparation of the claims registers.

c) Creditor Information: Total Hours: 15.1; Total Fees: \$1,174.50

FOE: Hours: 8.9; Fees: \$687.50 Class Action: Hours: 6.2; Fees: \$487.00

Services in this category relate to responding to telephone and e-mail inquiries from creditors and other parties via BMC's Call Center or the case website related to various notices and forms transmitted by BMC on behalf of the Trustee or the Class Action group, via mail, e-mail or the website to the creditors and other parties.

d) Data Management: Total Hours: 52.2; Total Fees: \$4,009.00

FOE: Hours: 48.0; Fees: \$3,694.00 Class Action: Hours: 4.2; Fees: \$315.00

This category is comprised of data services related to the maintenance and update of the mailing matrix and e-noticing addresses for the over 9,250 parties in the case, the preparation of mail files for mailing and e-service of documents for the Trustee and Class Action, reporting

¹ The actual time expended by BMC in preparation of the Application herein will be reflected and charged in a future fee application. BMC estimates the actual time spent in preparation of the Application is 16 hours for an approximate total of \$1,450.00, which represents 4.99% of the total amount of fees and expenses requested in this Application and includes the additional time necessary to describe the FOE time and expenses from the Class Action time and expenses.

requested by the Trustee, and returned mail data updates to the BMC notice database.

e) Distribution Support: Total Hours: 65.7; Total Fess: \$7,489.50

FOE: None Class Action: Hours: 65.7; Fees: \$7,489.50

Services in this category encompass the preparation, processing and analysis of the claimants scheduled to receive distribution checks for the Class Action distributions, monitoring of the bank accounts and management of the stale dated checks, along with reporting requirements and distribution creditor management as requested by the Trustee.

f) Noticing Management: Total Hours: 108.5; Total Fees: \$3,280.50

FOE: Hours: 83.0; Fees: \$2,557.50 Class Action: Hours: 25.5; Fees: \$723.00

This category is comprised of services rendered related to the mailing or e-service of various pleadings and other documents to creditors and affected parties, pursuant to the request of the Trustee and/or his counsel, and services related to the secure mailings of Class Action distribution checks.

g) Website Management: Total Hours: 4.9; Total Fees: \$434.50

FOE: Hours: 4.9; Fees: \$434.50 Class Action: None

Services in this category relate to the creation, update and maintenance of the Fox Ortega case website hosted by BMC, which contains the pleadings filed in the case and other information the Trustee may choose to post that are necessary to provide an on-line resource for creditors and affected parties regarding the status of the case and the disposition of the estate's assets.

Summary of Expenses

6. BMC expended a total of \$24,014.35 for reasonable and necessary expenses in connection with its services to the Trustee during the Application Period. In accordance with the Guidelines, attached hereto as Exhibit B is a summary of the expenses incurred by type and detailed invoices for BMC's actual expenses incurred. Pursuant to the BMC Employment Order, and in compliance with the Guidelines, BMC charged 8 cents (\$0.08) per page for photocopies, 15 cents (\$0.15) per piece for finishing print mail, 25 cents (\$0.25) per piece for returned mail processing, 15 cents (\$0.15) per image for certified fax noticing, \$40.00 per batch of 1,000 for

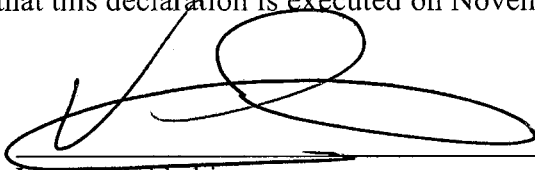
1 certified e-noticing, 8.5 cents (\$0.085) per record per month for claims and data storage, and
2 \$250.00 per month² for website hosting. All postage, overnight delivery, couriers, FedEx,
3 CourtCall and Pacer expenses are charged at cost. BMC does not charge for long distance
4 telephone calls or incoming faxes received.

5 7. In accordance with the Guidelines, I have caused the cover letter attached hereto as
6 **Exhibit C** to be sent to the Trustee with a copy of the Application.

7 **CERTIFICATION**

8 8. The undersigned professional certifies that: (a) I have read the Application; (b) to
9 the best of my knowledge, information, and belief, formed after reasonable inquiry, the
10 compensation and expense reimbursement sought is in conformity with the Guidelines for
11 Compensation and Expense Reimbursement of Professionals for the United States Bankruptcy
12 Court for the Northern District of California, unless specifically noted in the Application; (c) the
13 compensation and expense reimbursement requested are billed at rates no less favorable than those
14 customarily employed by BMC and generally accepted by BMC's clients; and (d) BMC has not
15 entered into any agreement or understanding with any other entity for the sharing of compensation
16 received or to be received for services rendered in or in connection with this case, nor has BMC
17 received from or shared with any other entity any compensation for services rendered in or in
18 connection with this case.

19 I declare under penalty of perjury, under the laws of the United States of America and the
20 State of California, that the foregoing is true and correct, and if called upon as a witness, I could
21 and would competently testify thereto, and that this declaration is executed on November 28,
22 2017, at Hawthorne, CA

23 
24 Varouj Bakhshian

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26
27 ² Pursuant to the BMC Employment Order, BMC waived the first six months of website hosting
28 and maintenance expenses and waived all physical document storage expenses.