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[Proposed] Attorneys for Debtor
and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SANTA ANA DIVISION

In re JAMES C. GIANULIAS, Debtor and Debtor-in-Possession.	Case No: SA 08-13150 RK Chapter 11 **APPLICATION TO EMPLOY FTI CONSULTING, INC. AS FINANCIAL ADVISOR TO THE DEBTOR; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF JAMES C. GIANULIAS AND RONALD F. GREENSPAN IN SUPPORT THEREOF** [No Hearing Required Pursuant to Local Bankruptcy Rule 9013-1(g)(1)]

TO THE HONORABLE ROBERT KWAN, UNITED STATES BANKRUPTCY JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND OTHER PARTIES-IN-INTEREST:

PLEASE TAKE NOTICE that James C. Gianulias, the debtor and debtor-in-possession in the above-captioned chapter 11 case (the "Debtor"), hereby applies (the "Application") to this Court for an order, pursuant to 11 U.S.C. §§ 327(a) and 328(a), authorizing the employment of FTI Consulting, Inc. ("FTI" or "Firm"), effective July 9, 2008, as his financial advisor to provide

the services described hereinafter. In support of this Application, the Debtor respectfully represent as follows:

BACKGROUND

1. On June 6, 2008, an involuntary petition under chapter 7 of title 11 of the United States Code was filed against the Debtor. On July 1, 2008, the Debtor filed his Consent to Entry of Order for Relief and Election to Convert Chapter 7 Case to a Case Under Chapter 11 of the Bankruptcy Code. On July 2, 2008, this Court entered the order for relief and converted this case to one under chapter 11. No request has been made for the appointment of a trustee or examiner. No committee of unsecured creditors has been appointed.

2. The Debtor is an individual who resides in Newport Beach, California. The Debtor is in the business of real estate development and owns, or owns in part, numerous businesses including, but not limited to, the following: (i) G Companies Homebuilding, LLC, a California limited liability company ("G Companies"); (ii) Cameo Homes, a California corporation ("Cameo"); and (iii)Mesa Management, Inc., a California corporation ("Mesa").

3. Concurrently with the filing of the involuntary petition against the Debtor, an involuntary petition under chapter 7 of title 11 of the United States Code was filed against Cameo. The Debtor owns 100% of Cameo. Cameo's involuntary case was also converted to a voluntary chapter 11 case on or about July 2, 2008. Although the Debtor and Cameo will be seeking joint administration of these cases, Cameo has retained separate counsel to represent it in connection with its case. The Firm will also be filing a similar application seeking approval of its employment in connection with the related chapter 11 proceeding of Cameo.

SERVICES TO BE RENDERED BY THE FIRM

4. FTI, with offices located at 633 West 5th Street, 16th Floor, Los Angeles, California, is a global business advisory firm that specializes in business reorganization consulting and financial restructuring. Attached hereto as Exhibit "A" is a copy of the Firm's biography setting forth the Firm's history and the experience and accomplishments of its professionals. Attached hereto as Exhibit "B" are resumes of the persons at FTI who will be primarily responsible for performing the services requested herein. The standard hourly rates of a senior managing director

range between $645 to $715 per hour. The standard hourly rates of a director/managing director range between $475 to $620 per hour. The standard hourly rates of a consultant/senior consultant range between $265 to $415 per hour. The standard hourly rates of a administrative-paraprofessional range between $100 to $190 per hour.

5. By this Application, the Debtor seeks an order authorizing the employment of FTI to provide certain financial advisory and consulting services (the "Services").[1] The Services to be provided by FTI shall include, but not be limited to, the following:

- Assist in the review and development of the Debtor's plan of reorganization;
- Assist in the valuation of the Debtor's assets;
- Render other accounting, finance and general business advisory services as the Debtor and his general insolvency counsel deem necessary and appropriate in connection with this Chapter 11 case.

6. None of the services that FTI will render in connection with the Debtor's chapter 11 case will be duplicative of the services rendered by any of the other professional employed by the Debtor in this Chapter 11 case.

THE BANKRUPTCY CODE AUTHORIZES THE DEBTOR-IN-POSSESSION TO EMPLOY PROFESSIONAL PERSONS

Section 327(a) of the Bankruptcy Code provides as follows:

> Except as otherwise provided in this section, the trustee, with the court's approval, may employ one or more attorneys, accountants, appraisers, auctioneers or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title.

11 U.S.C. § 327(a).

Section 328(a) of the Bankruptcy Code provides, in relevant part, as follows:

[1] In order to preserve attorney-client privilege and work product, FTI has been retained by Irell & Manella, LP, counsel to the Debtor. However, FTI will only provide services relating to the Debtor and will be compensated by the Debtor.

> The trustee, or a committee appointed under section 1102 of this title, with the court's approval, may employ or authorize the employment of a professional person under section 327 or 1103 of this title, as the case may be, on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.

11 U.S.C. § 328(a).

EMPLOYMENT OF THE FIRM IS IN THE BEST INTEREST OF THE ESTATE

7. The Debtor seeks an order authorizing the employment of the Firm as his financial advisor to perform the services set forth herein in order to assist the Debtor in the preparation of his chapter 11 plan. Such services are essential in that the Debtor needs financial advice, interest rate analysis, and liquidation analysis in order to prepare his plan and disclosure statement. Without such services, it would be very difficult for the Debtor to prepare a disclosure statement that could be approved by the Court.

THE FIRM HOLDS NO ADVERSE INTEREST WITH RESPECT TO THE MATTER FOR WHICH IT SEEKS TO BE EMPLOYED

8. FTI does not hold any interest materially adverse to the interests of the Debtor's estate. FTI satisfies the "disinterestedness" requirements for employment in this case. FTI has complied fully with the disclosure requirements set forth in the Bankruptcy Code and Bankruptcy Rules. By the attached Declaration of Ronald F. Greenspan (the "Greenspan Declaration"), Mr. Greenspan provides full and complete disclosure in order to demonstrate that the Firm satisfies all requirements imposed by the Bankruptcy Code and Bankruptcy Rules for employment in this case. Therefore, this Court may authorize the proposed employment of FTI as set forth herein pursuant to Bankruptcy Code 327(a) and 328(a).

a. The Debtor believes that FTI does not have an interest adverse to Debtor, the Debtor's 20 largest unsecured creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee of the Central District of California or any person employed in the Office of the United States Trustee of the Central District of California.

b. To the best of Debtor's knowledge, information, and belief, no member, associate or employee of FTI represents any entity having an adverse interest to the Debtor.

c. To the best of the Debtor's knowledge, information, and belief, except as otherwise provided in the Greenspan Declaration, no member, associate or employee comprising or employed by FTI, have any material connection with the Debtor, nor do they have any material connection with the Debtor's outside creditors, or any other outside party-in-interest, or their respective attorneys, with respect to the matters on which FTI is to be employed.

d. To the best of the Debtor's knowledge, information, and belief, none of the members, associates or employees comprising or employed by FTI are related to any judge of the United States Bankruptcy Court for the Central District of California, the United States Trustee for said District, or any person employed in the Office of the United States Trustee for said District.

COMPENSATION

9. The Debtor and FTI have agreed, subject to the Court's approval, to the terms of the Firm's employment in this case. These terms are set forth in the Engagement Contract dated July 9, 2008 (the "Engagement Contract"), between the Debtor, Irell and Manella, LLP as counsel to the Debtor, and FTI.

10. FTI is requesting a retainer ("Retainer") from the Debtor in the amount of $100,000 for services to be rendered during this case. The Retainer will be held by FTI and applied to FTI's final approved fees in these proceedings, with any excess amounts refunded to the Debtor.

11. The Debtor requests that FTI be authorized to obtain payment of its accruing fees and costs from the Debtor every two weeks in an amount equal to its invoice for the preceding two week's services. Accordingly, as a material condition to FTI's agreement to render services on behalf of the Debtor, the Debtor has agreed that FTI may be paid every two weeks. To implement such payment procedure, every two weeks, FTI will render to the Debtor billing statements itemizing the fees and costs incurred by FTI on behalf of the Debtor during the preceding two week period. The Debtor will then pay FTI for its invoice for the preceding two week's services.

12. In accordance with the Guide to Applications for Employment of Professionals and Treatment of Retainers promulgated by the Office of the United States Trustee (the "Employment

Guide"), FTI will file with the U.S. Trustee a copy of each of the Firm's invoice (the "Fee Statement") with respect to fees for professional services rendered to the Debtor, and for reimbursement of expenses incurred on behalf of the Debtor, and will serve copies of the Fee Statement upon the Debtor, the U.S. Trustee, the official creditors' committee, or, if no committee has been appointed, on the 20 largest unsecured creditors, and on those parties who request special notice in the Debtor's case. If no objection to the Fee Statement is filed and served within five (5) days after the service of the Fee Statement, FTI may obtain the amount of fees and costs represented by that invoice without further notice, hearing or order of the Court. If a written objection to FTI's Fee Statement is filed by a party-in-interest, FTI will refrain from obtaining the disputed funds from the Debtor until the objection has been resolved by the Court. If appropriate, approximately every four (4) months, FTI will file an application with the Court seeking allowance of its fees and costs incurred to that date and paid pursuant to such payment procedure.

13. FTI intends to apply to this Court for compensation in conformity with the requirements of Bankruptcy Code Sections 328, 330 and 331. FTI understands that its compensation in the Debtor's case will be subject to the approval of the Court. No funds paid to FTI pursuant to the proposed payment procedure will be deemed to be allowed by the Court. All funds paid to FTI pursuant to the proposed payment procedure will be subject to allowance by the Court, upon appropriate application and noticed hearing.

14. At the conclusion of this case, FTI will file an appropriate application seeking final allowance of all fees and costs, regardless of whether interim compensation has been paid to it. Upon allowance of such fees and costs, the Debtor will pay to FTI the difference between the amounts allowed to FTI and any interim compensation paid to it.

15. The Debtor and FTI understand and agree that the proposed compensation arrangement is subject to the provisions of Section 328 of the Bankruptcy Code, which authorizes this Court to allow compensation different from what is provided herein if the fee arrangement provided for herein appears, in retrospect, to have been improvident in light of developments unanticipated at the outset of the case. 11 U.S.C. §328(a). FTI understands and agrees that, if

aggregate interim payments made to it exceed the amount that is ultimately allowed, FTI will be required to, and will, promptly repay to the Debtor such difference.

16. FTI has not agreed to share with any person or entity any compensation received by it in the Debtor's case, except as among the members, associates and employees of FTI.

THE PAYMENT PROCEDURE PROPOSED IS APPROPRIATE AND SHOULD BE APPROVED BY THIS COURT

17. Professionals can be compensated in accordance with payment procedures without a bankruptcy court's prior allowance of the professional's fees and costs. In re Knudsen, 84 B.R. 668 (Bankr. 9th Cir. 1988); In re Lotus Properties LP, 200 B.R. at 396-98. In Knudsen, the Ninth Circuit Bankruptcy Appellate Panel ("BAP") reasoned that, since Section 328(a) of the Bankruptcy Code allows a bankruptcy court to authorize professionals to receive as compensation a retainer, which contemplates payment of a lump sum at the beginning of a case or periodically thereafter, "[i]t makes little sense that the court could allow payment of a lump sum or periodic retainer before fees are earned, but not after." Id. at 671. The circumstances under which such arrangements may be approved, as articulated by the BAP in Knudsen, are as follows: (1) the case is unusually large; (2) an extended waiting period for payment would place an undue hardship on the professional; (3) the professional can respond to any reassessment; and (4) the payment procedure itself is subject to a noticed hearing. Id. at 672-73. In Lotus Properties, the court examined the principles set forth in Knudsen and found that the establishment of monthly payment procedures can be authorized even if the circumstances of a particular case do not meet all of the specific factual criteria articulated by the BAP in Knudsen. Lotus Properties, 200 B.R. at 398. Indeed, as noted by the Bankruptcy Appellate Panel, "the critical factor is that the fees must not be finally allowed (i.e. they must be subject to repayment) until a detailed fee application is filed, an opportunity for objection has been provided, and the court has reviewed the application." Knudsen, 84 B.R. 671.

18. In the present case, the facts justify the authorization of the a payment procedure similar to that approved by the BAP in the Knudsen. First, no portion of any payments made to FTI pursuant to the payment procedure provided for herein will be deemed to have been allowed

by the Court unless and until such time as the Court enters an order expressly allowing such fees and costs. Second, FTI has sufficient resources with which to respond to any reassessment of fees or expenses imposed by this Court. Third, the payment procedure requested by the Application allows for ample scrutiny of FTI's fees and costs by the Debtor, the Debtor's twenty largest unsecured creditors or, if one is appointed, the official committee of unsecured creditors and/or its counsel, all parties who have requested special notice and the U.S. Trustee. Fourth, this Application and the proposed compensation procedures are subject to notice and an opportunity for a hearing, if a party finds them objectionable. Moreover, any professional fees and expenses will be subject to Court review as appropriate. Based upon the foregoing, no party in interest will be impaired by the proposed payment procedures.

19. Thus, the payment procedure provided for by the Application is fair and in accordance with the decision of the BAP in the Knudsen case, and serves to alleviate the hardship that FTI would suffer if it were required to perform services to the Debtor and wait an extended period of time for payment in this case.

20. As mentioned above, since FTI satisfies the disclosure and "disinterestedness" requirements for employment pursuant to the Bankruptcy Code and the Bankruptcy Rules, and since the above payment procedure is in accordance with the guidelines established by the Knudsen case, this Court may authorize the proposed employment of the Firm as financial advisors to the Debtor, on the terms set forth in this Application.

NOTICE OF THE APPLICATION IS APPROPRIATE, AND NO FURTHER HEARING IN RESPECT OF THE APPLICATION IS REQUIRED, UNLESS SUCH HEARING IS ORDERED BY THIS COURT OR SPECIFICALLY REQUESTED BY A PARTY-IN-INTEREST

21. Notice of the relief requested by the Application has been provided to the Debtor, the U.S. Trustee, the Official Committee of Unsecured Creditors and its proposed counsel, and all parties who have requested special notice in the Debtor's case. A true and correct copy of such Notice is attached hereto as Exhibit "C" and incorporated herein by this reference. Creditors have been provided with an opportunity to obtain a hearing on this Application, should they object to

the relief requested hereby. Consequently, the Debtor has complied fully with the "notice and hearing" requirements set forth in Rules 2014-1(2)(b) and 9013-1(g) of the Local Bankruptcy Rules for the Central District of California (the "Local Bankruptcy Rules").

22. Rule 2014-1(b)(1) of the Local Bankruptcy Rules provides that, where an application for the employment of a professional is submitted in conformity with the provisions thereof, "no hearing shall be required unless requested by the U.S. Trustee, a party in interest, or otherwise ordered by the court." Bankr. L.R. 2014-1(b)(1). Consequently, unless this Court orders otherwise, or unless the U.S. Trustee or another party-in-interest specifically requests a hearing on the Application, this Court may approve the Application without a hearing.

WHEREFORE, the Debtor requests an order authorizing the employment of FTI, as his financial advisor in this case effective July 9, 2008, upon the terms and conditions set forth herein and for such other and further relief as the Court deems just and proper under the circumstances of this case.

Dated: July 28, 2008

IRELL & MANELLA LLP

By: Kerri A. Lyman
William N. Lobel
Alan J. Friedman
Kerri A. Lyman
[Proposed] Attorneys for
Debtor and Debtor-in-Possession

DECLARATION OF JAMES C. GIANULIAS

I, James C. Gianulias, hereby declare and state as follows:

1. I have personal knowledge of the facts stated herein, except as to those facts stated upon information and belief, and as to those facts, I believe them to be true. If called as a witness to testify herein, I could and would testify competently to the following.

2. I am the debtor and debtor-in-possession (the "Debtor") in the chapter 11 bankruptcy case that is currently pending as Bankruptcy Case No. SA 08-13150 RK in the Santa Ana Division of the United States Bankruptcy Court for the Central District of California. I make this Declaration in support of the "Application to Employ FTI Consulting, Inc. as Financial Advisor to the Debtor" (the "Application").

3. I am in the business of real estate development and own, or own in part, numerous businesses including, but not limited to, the following: (i) G Companies Homebuilding, LLC, a California limited liability company ("G Companies"); (ii) Cameo Homes, a California corporation ("Cameo"); and (iii)Mesa Management, Inc., a California corporation ("Mesa").

4. I have determined that I need the services of a financial advisor to perform the following services with respect to assisting in the formation of a plan of reorganization:

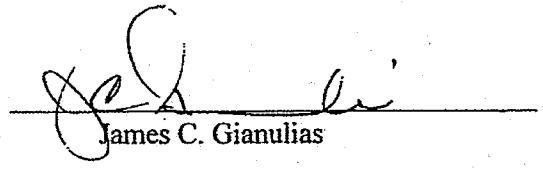
- Assist in the review and development of a plan of reorganization;
- Assist in the valuation of my assets;
- Render other accounting, finance and general business advisory services as I and my general insolvency counsel deem necessary and appropriate in connection with this Chapter 11 case.

5. I have chosen FTI Consulting, Inc. ("FTI") as my financial advisor. I believe that FTI is well qualified to perform the services requested and that its services as requested herein are in the best interests of my estate.

6. To the best of my knowledge, no member or employee of FTI, has any connection with my bankruptcy estate or with my creditors, and is a "disinterested persons" as defined in 11 U.S.C. § 101(14).

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this ___ day of July 2008, at Newport Beach, California.



James C. Gianulias

DECLARATION OF RONALD F. GREENSPAN

I, Ronald F. Greenspan, do hereby declare and state as follows:

1. I have personal knowledge of the facts stated herein, except as to those facts stated upon information and belief, and as to those facts, I believe them to be true. If called as a witness to testify herein, I could and would testify competently to the following.

2. I am a Senior Managing Director of FTI Consulting, Inc. ("FTI" or the "Firm") and am authorized to make this declaration on its behalf.

3. FTI, with offices located at 633 West 5th Street, 16th Floor, Los Angeles, California, is a global business advisory firm that specializes in business reorganization consulting and financial restructuring. Attached hereto as Exhibit "A" is a copy of the Firm's biography setting forth the Firm's history and the experience and accomplishments of its professionals. Attached hereto as Exhibit "B" are resumes of the persons at FTI who will be primarily responsible for performing the services requested herein. The standard hourly rates of a senior managing director range between $645 to $715 per hour. The standard hourly rates of a director/managing director range between $475 to $620 per hour. The standard hourly rates of a consultant/senior consultant range between $265 to $415 per hour. The standard hourly rates of a administrative-paraprofessional range between $100 to $190 per hour.

4. By this Application, the Debtor seeks an order authorizing the employment of FTI to provide certain financial advisory and consulting services (the "Services").[2] The Services to be provided by FTI shall include, but not be limited to, the following:

- Assist in the review and development of the Debtor's plan of reorganization;
- Assist in the valuation of the Debtor's assets;

[2] In order to preserve attorney-client privilege and work product, FTI has been retained by Irell & Manella, LP, counsel to the Debtor. However, FTI will only provide services relating to the Debtor and will be compensated by the Debtor. Moreover, please note that the Firm will also be filing a similar application seeking approval of its employment in connection with the related chapter 11 proceeding of Cameo Homes.

- Render other accounting, finance and general business advisory services as the Debtor and his general insolvency counsel deem necessary and appropriate in connection with this Chapter 11 case.

5. I believe that both I and the members and associates of FTI who may perform services in this case are well qualified to perform the services requested by the Debtor.

6. None of the services that FTI will render in connection with the Debtor's chapter 11 case will be duplicative of the services rendered by any of the other professionals employed by the Debtor in this Chapter 11 case.

7. To the best of my knowledge, FTI does not hold any interest materially adverse to the interests of the Debtor's estate. FTI satisfies the "disinterestedness" requirements for employment in this case. FTI has complied fully with the disclosure requirements set forth in the Bankruptcy Code and Bankruptcy Rules.

8. FTI has conducted an initial computerized search of the relevant parties in the Debtor's case, including the Debtor's (a) affiliates; (b) secured creditors, and (c) 20 largest unsecured creditors.

9. To the best of my knowledge, neither I nor any member or employee of FTI has an interest adverse to Debtor, his 20 largest unsecured creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee of the Central District of California or any person employed in the Office of the United States Trustee of the Central District of California.

10. To the best of my knowledge and belief, neither I nor any member, associate or employee of FTI represents any entity having an adverse interest to the Debtor.

11. To the best of my knowledge, information, and belief, neither I nor any of the members or employees comprising or employed by FTI, have any material connection with the Debtor, nor do we have any material connection with the Debtor's outside creditors, or any other outside party-in-interest, or their respective attorneys, with respect to the matters on which FTI is to be employed. The Firm believes that it is a disinterested party, but discloses the following in an abundance of caution:

- An employee of the Firm in a non-management position provided services related to certain of Cameo's assets during a prior employment with a financial institution. While I do not believe that this presents a conflict, out of an abundance of caution, this employee will not provide any services as part of this engagement.

12. The following supplemental disclosures are made with respect to FTI's disinterestedness and not holding an adverse interest in connection with the Debtor's case. References to FTI include all members, associates and employees thereof who are expected to render services on behalf of the Debtor in this case.

13. FTI is not an insider of the Debtor.

14. Subject to the disclosures contained herein, FTI has no interest materially adverse to the interests of the estate or of any class of creditors, either by reason of any direct or indirect relationship to, connection with, or interest in the Debtor or an investment banker for any security of the Debtor, or for any other reason

15. FTI has not agreed to share with any person or entity any compensation received by it in the Debtor's case, except as among the members, associates and employees of the Firm.

16. As of the date of the entry of the order for relief, FTI was not a creditor of the estate and was not owed any funds by the Debtor.

17. The Debtor and FTI have agreed, subject to the Court's approval, to the terms of the Firm's employment in this case. These terms are set forth in the Engagement Contract dated July 9, 2008 (the "Engagement Contract"), between the Debtor, Irell and Manella, LLP as counsel to the Debtor, and FTI.[3]

18. FTI is requesting a retainer ("Retainer") from the Debtor in the amount of $100,000 for services to be rendered during this case. The Retainer will be held by FTI and applied to FTI's final approved fees in these proceedings, with any excess amounts refunded to the Debtor.

[3] Although FTI has been retained by Irell & Manella, LP, counsel to the Debtor, for privilege reasons, FTI will provide services directly to the Debtor and will be compensated by the Debtor.

19. The Debtor requests that FTI be authorized to obtain payment of its accruing fees and costs from the Debtor every two weeks in an amount equal to its invoice for the preceding two week's services. Accordingly, as a material condition to FTI's agreement to render services on behalf of the Debtor, the Debtor has agreed that FTI may be paid every two weeks. To implement such payment procedure, every two weeks, FTI will render to the Debtor billing statements itemizing the fees and costs incurred by FTI on behalf of the Debtor during the preceding two week period. The Debtor will then pay FTI for its invoice for the preceding two week's services. .

20. In accordance with the Guide to Applications for Employment of Professionals and Treatment of Retainers promulgated by the Office of the United States Trustee (the "Employment Guide"), FTI will file with the U.S. Trustee a copy of each of the Firm's invoices (the "Fee Statement") with respect to fees for professional services rendered to the Debtor, and for reimbursement of expenses incurred on behalf of the Debtor, and will serve copies of the Fee Statement upon the Debtor, the U.S. Trustee, the official creditors' committee, or, if no committee has been appointed, on the 20 largest unsecured creditors, and on those parties who request special notice in the Debtor's case. If no objection to the Fee Statement is filed and served within five (5) days after the service of the Fee Statement, FTI may obtain the amount of fees and costs represented by that invoice without further notice, hearing or order of the Court. If a written objection to FTI's Fee Statement is filed by a party-in-interest, FTI will refrain from obtaining the disputed funds from the Debtor until the objection has been resolved by the Court. If appropriate, approximately every four (4) months, FTI will file an application with the Court seeking allowance of its fees and costs incurred to that date and paid pursuant to such payment procedure.

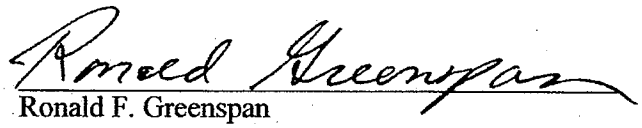
21. FTI intends to apply to this Court for compensation in conformity with the requirements of Bankruptcy Code Sections 328, 330 and 331. FTI understands that its compensation in the Debtor's case will be subject to the approval of the Court. No funds paid to FTI pursuant to the proposed payment procedure will be deemed to be allowed by the Court. All funds paid to FTI pursuant to the proposed payment procedure will be subject to allowance by the Court, upon appropriate application and noticed hearing.

22. At the conclusion of this case, FTI will file an appropriate application seeking final allowance of all fees and costs, regardless of whether interim compensation has been paid to it. Upon allowance of such fees and costs, the Debtor will pay to FTI the difference between the amounts allowed to FTI and any interim compensation paid to it.

23. The Debtor and FTI understand and agree that the proposed compensation arrangement is subject to the provisions of Section 328 of the Bankruptcy Code, which authorizes this Court to allow compensation different from what is provided herein if the fee arrangement provided for herein appears, in retrospect, to have been improvident in light of developments unanticipated at the outset of the case. 11 U.S.C. §328(a). FTI understands and agrees that, if aggregate interim payments made to it exceed the amount that is ultimately allowed, FTI will be required to, and will, promptly repay to the Debtor such difference.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 26th day of July 2008, at Los Angeles, California.



Ronald F. Greenspan