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Cameo Homes, Reorganized Debtors
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10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **SANTA ANA DIVISION**

13 In re
14 JAMES C. GIANULIAS AND CAMEO
15 HOMES, a California corporation,
16
17 Reorganized Debtors.

) Case No. 8:08-bk-13150-RK

) Substantively Consolidated With:
15 Case No. 8:08-bk-13151-RK

) Chapter 11

) **THIRD AND FINAL APPLICATION OF**
) **IRELL & MANELLA LLP, GENERAL**
) **INSOLVENCY COUNSEL TO JAMES C.**
) **GIANULIAS AND CAMEO HOMES, FOR**
) **COMPENSATION AND**
) **REIMBURSEMENT OF COSTS;**
) **MEMORANDUM OF POINTS AND**
) **AUTHORITIES; AND DECLARATION OF**
) **ALAN J. FRIEDMAN IN SUPPORT**
) **THEREOF**

) **HEARING DATE:**

) **Date:** November 3, 2010

) **Time:** 2:00 p.m.

) **Place:** Courtroom 5D
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SUMMARY OF FEES AND COSTS REQUESTED BY APPLICANT

Application Period	6/1/2009 - 9/7/2010
Total Hours Billed	3,813.70
Total Fees:	\$2,515,693.00
Total Costs:	\$24,563.54 ¹
Total Request	\$2,540,256.54
Blended Hourly Rate	\$659.65
<u>Total Outstanding from 7/2/08 – 9/7/10:</u>	\$2,020,122.04

¹ Irell discovered at the time of the final fee application that some word processing fees or overtime secretarial charges were included in prior invoices. Irell has written off all such charges (totaling \$672.00) and these amounts are not included in the total expenses sought.

1 **TO THE HONORABLE ROBERT W. KWAN, UNITED STATES BANKRUPTCY**
2 **JUDGE:**

3 Pursuant to the provisions of 11 U.S.C. § 330, Irell & Manella LLP ("Applicant"),
4 general insolvency counsel for James C. Gianulias, an individual ("Gianulias") and Cameo
5 Homes, a California corporation ("Cameo"), the reorganized debtors in the above-captioned
6 substantively consolidated cases (the "Debtors"), hereby respectfully applies to this Court for
7 its third and final award of fees for professional services rendered and for reimbursement of
8 expenses incurred on behalf of the Debtors (the "Application").

9 By this Application, Applicant seeks an order of this Court awarding compensation for
10 professional services rendered to, and reimbursement of expenses incurred on behalf of, the
11 Debtors for the time period from June 1, 2009 through and including September 7, 2010
12 ("Application Period"). Applicant is requesting fees for services rendered during the
13 Application Period in the amount of \$2,515,693.00 and reimbursement of its expenses incurred
14 on behalf of the Debtors in the amount of \$24,563.54² for a total of \$2,540,256.54.

15 By this Application, Applicant further seeks final approval and confirmation of the fees
16 and expenses previously allowed by the Court and awarded to Applicant pursuant to the Order
17 approving Applicant's First Interim Fee Application in the amount of \$906,264.66 and the
18 Order approving Applicant's Second Interim Fee Application in the amount of \$814,190.57.

19 In support of this Application, Applicant represents as follows:

20 On June 6, 2008, three creditors of Gianulias commenced an involuntary case against him
21 under Chapter 7 of the Bankruptcy Code. Concurrently, the same three creditors commenced an
22 involuntary Chapter 7 case against Cameo Homes.

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26 ² Irell discovered at the time of the final fee application that some word processing fees or overtime secretarial
27 charges were included in prior invoices. Irell has written off all such charges (totaling \$672.00) and these amounts are
28 not included in the total expenses sought.

1 On July 1, 2008, Gianulias and Cameo filed their respective Consents to the Entry of an
2 Order for Relief and Election to Convert Chapter 7 case to case under Chapter 11 of the
3 Bankruptcy Code.

4 On July 2, 2008, this Court entered Orders for Relief and converted the Debtors' cases to
5 ones under Chapter 11 (collectively, the "Chapter 11 Cases").

6 On July 25, 2008, this Court entered the "Order Granting Debtor's Motion for Order
7 Authorizing Joint Administration of Related Cases Pursuant to 11 U.S.C. § 105 and Bankruptcy
8 Rule 1015(b)" [Docket No.58], thereby jointly administering the Chapter 11 Cases under case
9 number 08-13150.

10 On August 4, 2008, the United States Trustee appointed an official committee of unsecured
11 creditors (the "Committee") in the Chapter 11 Cases.

12 On September 9, 2008, this Court entered its order authorizing Applicant's employment
13 as general insolvency counsel for Gianulias ("Employment Order"), effective July 2, 2008
14 [Docket No. 120]. A true and correct copy of the Employment Order is attached as Exhibit "A"
15 to the Declaration of Alan J. Friedman ("Declaration") appended hereto.

16 On December 10, 2008, this Court entered the "Order Substantively Consolidating the
17 Chapter 11 estate of Cameo into the Chapter 11 estate of Gianulias" [Docket No. 244], at which
18 time Applicant became counsel to both Gianulias and Cameo.

19 On January 16, 2009, Applicant filed its "First Interim Application of Irell & Manella
20 LLP, General Insolvency Counsel to James C. Gianulias and Cameo Homes, for Compensation
21 and Reimbursement of Costs" (the "First Interim Fee Application") [Docket No. 275], covering
22 the period July 2, 2008 through November 30, 2008. By the First Interim Fee Application,
23 Applicant sought professional fees in the amount of \$875,716.00 and interim costs in the
24 amount of \$30,548.66 for a total of \$906,264.66. A true and correct copy of the First Interim
25 Fee Application is attached as Exhibit "B" to the Declaration appended hereto and incorporated
26 herein by reference.

27 On March 18, 2009, this Court entered its order (the "First Interim Fee Order") [Docket
28 No. 339] on the First Interim Fee Application. By the First Interim Fee Order, the Court

1 allowed, on an interim basis, fees of \$875,716.00 and costs of \$30,548.66. The First Interim
2 Fee Order further provided, in part, that the Debtors were authorized to make payments up to
3 75% of the allowed accrued fees and 100% of the allowed accrued costs.

4 On July 23, 2009, Applicant filed its "Second Interim Application of Irell & Manella
5 LLP, General Insolvency Counsel to James C. Gianulias and Cameo Homes, for Compensation
6 and Reimbursement of Costs" (the "Second Interim Fee Application") [Docket No. 475],
7 covering the period December 1, 2008³ through May 31, 2009. By the Second Interim Fee
8 Application, Applicant sought professional fees in the amount of \$798,347.50 and interim costs
9 in the amount of \$15,843.07 for a total of \$814,190.57. A true and correct copy of the Second
10 Interim Fee Application is attached as Exhibit "C" to the Declaration appended hereto and
11 incorporated herein by reference.

12 On August 31, 2010, this Court entered its order (the "Second Interim Fee Order")
13 [Docket No. 775] on the Second Interim Fee Application. By the Second Interim Fee Order,
14 the Court allowed, on an interim basis, fees of \$798,347.50 and costs of \$15,843.07. The
15 Second Interim Fee Order further provided, in part, that the Debtors were authorized to make
16 payments up to 75% of the allowed accrued fees and 100% of the allowed accrued costs.

17 On July 19, 2010, the Debtors' Fourth Amended Plan of Reorganization (Dated May 27,
18 2010), as Modified (the "Plan") [Docket No. 749] was confirmed by this Court. The Plan
19 provides that all professionals are required to file no later than thirty (30) days after the
20 Effective Date of the Plan, a final application for services rendered and expenses incurred on or
21 before the Effective Date. The Effective Date of the Plan is September 7, 2010. Accordingly,
22 Applicant is filing this third and final fee application for approval of its fees and expenses
23 through and including September 7, 2010.

24 This Application is the Applicant's third and final fee application. By this Application,
25 Applicant seeks an order approving compensation and reimbursement of expenses incurred on
26 behalf of the Debtors from June 1, 2009 through September 7, 2010 (the "Application Period"),
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28 ³ December 11, 2008 with respect to Cameo.

1 in the aggregate amount of \$2,540,256.54. Applicant's request consists of compensation for
2 services rendered to the Debtors in the amount of \$2,515,693.00 and reimbursement of
3 expenses incurred on behalf of the Debtors in the amount of \$24,563.54⁴.

4 Applicant understands and agrees that, if the aggregate interim payments made to
5 Applicant from property of the Debtors' estates exceed the amount that is ultimately allowed by
6 this Court, Applicant will be required to, and will, promptly repay to the estates such
7 difference.

8 Applicant incorporates by reference herein the statements made in the attached
9 Declaration. This Application is made and based upon the attached Memorandum of Points
10 and Authorities, the attached Declaration, all pleadings on file in this case, and all evidence,
11 both oral and written, that may be submitted prior to or at the time of the hearing on this
12 Application.

13 **WHEREFORE**, Applicant requests that this Court enter an order as follows:

- 14 1. Awarding to Applicant, on a final basis, compensation for the Application Period,
15 in the amount of \$2,515,693.00;
- 16 2. Awarding to Applicant, on a final basis, reimbursement for out-of-pocket expenses
17 incurred on behalf of the Debtors for the Application Period, in the amount of \$24,563.54;
- 18 3. Confirming as final fees and expenses, the amount of fees and expenses previously
19 allowed by the Court and awarded to Applicant pursuant to its First Interim Fee Application, in the
20 amount of \$906,264.66;
- 21 4. Confirming as final fees and expenses, the amount of fees and expenses previously
22 allowed by the Court and awarded to Applicant pursuant to its Second Interim Fee Application, in
23 the amount of \$814,190.57;
- 24 5. Authorizing and directing the Debtors to pay to Applicant any outstanding balance

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27 ⁴ Irell discovered at the time of the final fee application that some word processing fees or overtime secretarial
28 charges were included in prior invoices. Irell has written off all such charges (totaling \$672.00) and these amounts are
not included in the total expenses sought.

1 of fees and costs owed to Applicant as requested by this Application in accordance with the
2 Court's ruling on this Application and in accordance with the terms of the Plan; and

3 6. Granting to Applicant such other and further relief as the Court may deem just and
4 proper under the circumstances of these cases.

5 DATED: October 6, 2010

IRELL & MANELLA LLP

6 By: _____

7 Alan J. Friedman

8 Kerri A. Lyman

9 Attorneys for Reorganized Debtors
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MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

This is Applicant's third and final fee application in these Chapter 11 Cases. During the Application Period, as discussed herein and in the Declaration appended hereto, Applicant has been required to expend substantial time and resources in representing the Debtors in all aspects of these cases. These Chapter 11 Cases have been particularly unique, as well as challenging, due to the fact that Gianulias is an individual. As a result, these cases have required the interpretation of certain provisions added to the Bankruptcy Code by the 2005 Amendments which are applicable only to individual Chapter 11 debtors. This situation is further complicated by the complex relationship among Gianulias, Cameo and the numerous entities in which Gianulias and Cameo have an ownership interest. Further complicating these cases was the substantive consolidation of the corporate estate (Cameo) into the individual case. Adding to this already complicated factual and legal morass was the extraordinarily level of distrust on the part of the creditors, compounded by the nature of the assets held by the Debtors (closely-held partnerships and limited liability companies). These factors resulted in substantially higher legal fees than were anticipated at the outset of these cases. Through it all, however, the Debtors and Applicant acted as expeditiously as possible to develop and propose a Chapter 11 plan that provided a meaningful distribution to creditors.

Despite these challenges, the Debtors, with the assistance of Applicant, were able to reach a consensus with the Committee and other parties-in-interest and confirmed a consensual plan of reorganization on July 19, 2010 which will result in the distribution of over \$50 million to creditors of these estates, while enabling the Debtors to continue their business endeavors. Applicant believes that the services which it has provided have been of substantial benefit to the Debtors, and that such services were instrumental in the Plan confirmation process and subsequent confirmation of the Plan.

1 Given the necessity of Applicant's services and the favorable results Applicant has
2 obtained, Applicant requests that the Court approve this Application for payment of fees and
3 reimbursement of costs as requested herein.

4 **II.**

5 **FACTUAL BACKGROUND**

6 **A. Background of the Debtors**

7 On June 6, 2008, three creditors of Gianulias commenced an involuntary case against him
8 under Chapter 7 of the Bankruptcy Code. Concurrently, the same three creditors commenced an
9 involuntary Chapter 7 case against Cameo.

10 On July 1, 2008, Gianulias and Cameo filed their respective Consents to the Entry of an
11 Order for Relief and Election to Convert Chapter 7 case to case under Chapter 11 of the
12 Bankruptcy Code.

13 On July 2, 2008, this Court entered Orders for Relief and converted the Debtors' cases to
14 ones under Chapter 11.

15 On July 25, 2008, this Court entered the "Order Granting Debtor's Motion for Order
16 Authorizing Joint Administration of Related Cases Pursuant to 11 U.S.C. § 105 and Bankruptcy
17 Rule 1015(b)," thereby jointly administering the Debtors' cases under case number 08-13150.

18 On August 4, 2008, the United States Trustee appointed the Committee in the Chapter 11
19 Cases.

20 On December 11, 2008, this Court entered the "Order Substantively Consolidating the
21 Chapter 11 Estate of Cameo into the Chapter 11 Estate of Gianulias" at which time Applicant
22 became counsel to both Gianulias and Cameo.

23 On July 19, 2010, the Debtors' Fourth Amended Plan of Reorganization (Dated May 27,
24 2010), as Modified (the "Plan") was confirmed by this Court.

25 **B. The Debtors' Operations**

26 Gianulias is an individual who has been in the business of real estate development for in
27 excess of 40 years. Gianulias owns an interest in a number of single-asset real estate entities that
28 were formed to purchase and develop real estate. Cameo also owns an interest in a number of

1 single-asset real estate ventures that were formed to purchase and develop real estate. Cameo
2 holds an interest in many of the same real estate entities in which Gianulias holds an interest.
3 Gianulias owns 100% of Cameo and therefore has an indirect interest in all of Cameo's interests in
4 the various real estate entities. The real estate entities owned, in part, by Gianulias and Cameo
5 include limited liability companies, general partnerships, and limited partnerships (collectively,
6 the "Companies"). The Companies comprise a substantial portion of the Debtors' assets.

7 **C. Gianulias' Current Financial Condition**

8 Distributions received by the Debtors for the period of June 2009 through August 2010
9 averaged \$390,389 per month. The amount of unrestricted cash on hand in the estates as of
10 August 31, 2010 was approximately \$241,338.

11 The Debtors are not aware of the total amount of administrative expenses accrued to date
12 in these cases given that the Debtors' professionals, including Applicant and the Committees'
13 professionals, are just now filing their third interim and final fee applications. However, the
14 Debtors estimate that, as of September 30, 2010, that there were approximately \$4,606,419⁵ in
15 unpaid professional fees that are authorized to be paid.

16 **D. Background of Applicant**

17 Applicant is a limited liability partnership with its offices in Newport Beach and Los
18 Angeles, California. Applicant is comprised of attorneys duly licensed to practice law before the
19 courts of the State of California and numerous United States District Courts, including the United
20 States District Court for the Central District of California. Applicant, among other fields,
21 specializes in the fields of bankruptcy, corporate reorganization and insolvency law.

22 Pursuant to Local Bankruptcy Rule 2016-1, the Declaration attached hereto sets forth
23 information regarding Applicant and the professionals who are employed by Applicant that billed
24 time to the Debtors, as well as the status of these cases, including a narrative summary of the
25 services performed by Applicant and the resulting benefits.

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28 ⁵ This estimate includes the 25% holdback previously authorized by the Court. This estimate is net
of any retainer amount applied to date against the outstanding amount owed to the professionals.

E. Significant Events During Application Period

The following is a non-exclusive list of several of the significant events that have required Applicant's attention during the period covered by this Application:

1. Retention of Professionals and Fee Applications

As the Court is aware, numerous professionals have been employed by both the Debtors and the Committee. As a result, Applicant has been required to expend time and resources in assisting various professionals with respect to requirements and procedures related to their employment and related fee procedures. During the period covered by this Application, the Applicant prepared its Second Interim Fee Application and began preparing this third and final fee application. Applicant assisted the Debtors' professionals in the preparation of their respective second interim and final fee applications. Applicant also attended the hearing on the second interim fee applications.

2. Motion Authorizing Debtor to Enter Into Loan Transaction

In or about June 2009, Applicant prepared a motion pursuant to Sections 105 and 363 of the Bankruptcy Code for an order authorizing Gianulias, in his role as 50% general partner of Lucas-Gianulias, GP, to take all actions necessary to enable Lucas-Gianulias, GP to enter into a proposed loan transaction in the ordinary course of its business. On July 23, 2009, this Court entered its order approving the motion.

3. Motions for Relief from the Automatic Stay

(a) National Bank of Arizona. On August 11, 2009, National Bank of Arizona filed its motion for relief relating to property located in Truckee, California. The Debtors determined that the subject property was not necessary for its reorganization and did not oppose the motion. On September 16, 2009, this Court entered an order granting the motion.

(b) Fasching Haus. On October 27, 2009, Fasching Haus Condominium Association filed its motion for relief relating to property located in Aspen, Colorado. Applicant opposed the motion, filed an opposition on behalf of the Debtors, reviewed the reply filed by Fasching Haus, and addressed issues relating to the motion. Ultimately, the parties reached an agreement as to an appropriate resolution of the dispute. On December 21, 2009, this Court

1 entered an order approving a stipulation between the Debtors and Fasching Haus with respect to
2 the motion.

3 (c) BAC Home Loans/Countrywide. On December 4, 2009, BAC Home Loans
4 filed its motion for relief relating to property located in La Quinta, California. Applicant
5 addressed issues relating to the motion, resulting in the entry of a stipulation resolving the motion.
6 An order approving the stipulation was entered by this Court on February 2, 2010.

7 **4. Application to Employ Real Estate Broker**

8 In or about January 2010, Applicant prepared a motion seeking authority to employ
9 BJ *Adams & Company as broker in connection with the sale of residential real property located
10 in Aspen, Colorado. On February 26, 2010, this Court entered an order granting the motion.

11 **5. Abandonment of Debtors' Interest in French Valley 40 LLC**

12 On March 25, 2010, Applicant filed on behalf of the Debtors a Notice of Intention of
13 Cameo Homes to Abandon Interest in French Valley 40 LLC. By the notice, Cameo abandoned
14 its 1% interest in French Valley 40 LLC, a California limited liability company.

15 **6. Extension of Exclusivity for Soliciting Votes on the Plan**

16 On or about May 29, 2009, Applicant filed a motion requesting that the Court further
17 extend the Debtors' exclusivity period for soliciting acceptances to their Plan from June 1, 2009 to
18 September 1, 2009. The Committee opposed the motion. Applicant spent time analyzing the
19 Committee's opposition and preparing a reply in support of its motion. On October 16, 2009, this
20 Court entered an order granting the motion. Applicant also negotiated and entered into various
21 stipulations further extending the exclusivity period from time to time, with the final extended
22 deadline being August 2, 2010.

23 **7. Objections to Claims**

24 Applicant spent a considerable amount of time reviewing and analyzing the claims filed
25 against the Debtors' estates. As a result of such efforts, Applicant determined that objections to
26 various claims needed to be filed and filed objections, as follows:

27 (a) First Omnibus Claim Objection. On or about March 26, 2010, Applicant
28 filed, on behalf of the Debtors, the First Omnibus Objection to Duplicate and/or Superseded

1 Claims of (1) Marilyn Gianulias Robbins (Claim No. 19-1); (2) Clarke Masonry, Inc. (Claim No.
2 32-1); (3) Geurts Law Firm (Claim No. 39-1); (4) Ampam Parks Mechanical, Inc. (Claim No. 53-
3 1); (5) Deutsche Bank Berkshire Mortgage, Inc. (Claim No. 55-1); (6) Laing/Sequoia Partners
4 LLC and South Banning Properties LLC (Claim No. 4-1); (7) M.W. Housing Partners III, LP
5 (Claim No. 10-1); (8) Pacific Western Bank (Claim Nos. 13-1 and 20-1); (9) Sterling Savings
6 Bank, Assignee of Intervest-Mortgage Investment Co. (Claim Nos. 30-1, 35-1 and 35-2); and
7 (10) Croudace, Dietrich & Parker, LLP (Claim No. 36-1). Applicant addressed issues relating to
8 Laing/Sequoia Partners LLC and South Banning Properties LLC's response to the Debtors'
9 objections to their claim, resulting in the preparation and filing of a stipulation that resolved the
10 issues. On June 2, 2010, this Court entered an order sustaining the First Omnibus Claim
11 Objection.

12 (b) Second Omnibus Claim Objection. On or about March 26, 2010, Applicant
13 filed, on behalf of the Debtors, the Second Omnibus Objection to Incorrect Classification Claims
14 of: (1) Hillcrest Contracting, Inc. (Claim No. 29); (2) Geurts Law Firm (Claim No. 37);
15 (3) Ampam Parks Mechanical, Inc. (Claim No. 38); and (4) Temecula Valley Erosion Control, Inc.
16 (Claim No. 49). On June 2, 2010, this Court entered an order sustaining the Second Omnibus
17 Claim Objection.

18 (c) Third Omnibus Claim Objection. On or about July 9, 2010, Applicant filed,
19 on behalf of the Debtors, the Third Omnibus Motion for Order Disallowing Certain Claims
20 Asserted Against the Debtors Based on the Debtors' Books and Records: (1) Maui Electric
21 Company Ltd. (Claim No. 3-2); (2) Daimler Trust, Successor To DCFS Trust (Claim No. 6-1);
22 (3) David Evans And Associates, Inc. (Claim No. 48-1); (4) Temecula Valley Erosion Control,
23 Inc. (Claim No. 49-1); (5) Department of Taxation, State of Hawaii (Claim No. 13-1); (6) State of
24 Hawaii, Department Of Taxation (Claim No. 14-1); (7) Orange County Treasurer – Tax Collector
25 (Claim No. 60-1); and (8) Internal Revenue Service (Claim No. 5-1). Applicants also prepared
26 and filed Notices of Withdrawal of Objection with respect to the Internal Revenue Service after it
27 amended its claim, and with respect to the State of Hawaii after it provided information in
28

1 response to the objection. On October 1, 2010, this Court entered an order sustaining the Third
2 Omnibus Claim Objection.

3 (d) Fourth Omnibus Claim Objection. On or about July 9, 2010, Applicant
4 filed, on behalf of the Debtors, the Fourth Omnibus Motion for Order Disallowing Certain Claims
5 Based On No Liability/Non-Debtor Claims: (1) Outdoor Sign Systems, Inc. (Claim No. 10-1);
6 and (2) Pension Benefit Guaranty Corporation (Claim Nos. 16-1, 17-1 and 18-1). On August 31,
7 2010, this Court entered an order sustaining the Fourth Omnibus Claim Objection.

8 **8. The Confirmation Issues Cross-Motions**

9 In May 2009, recognizing that a number of issues pertaining to the confirmation
10 requirements of Section 1129(a) might impact the treatment of unsecured creditors under the Plan,
11 the Debtors and the Committee agreed that certain issues should be determined in advance of the
12 hearing on approval of the Debtors' Disclosure Statement and the hearing on confirmation of the
13 Plan (the "Confirmation Issues"). Applicant negotiated a stipulation with the Committee whereby
14 the Debtors and the Committee would file cross-motions setting out their position on three critical
15 Confirmation Issues (the "Issues Stipulation"). The Issues Stipulation set forth a briefing schedule
16 to file the cross-motions with respect to the Confirmation Issues and an expedited appeal process.
17 On May 14, 2009, the Court entered an order approving the Issues Stipulation and setting a
18 hearing on the cross-motions on June 25, 2009.

19 Applicant spent significant time performing legal research with respect to the Confirmation
20 Issues and preparing the motion pursuant to the Issues Stipulation, which was filed on May 28,
21 2009. The Committee filed their motion concurrently. Applicant then spent time responding to
22 the Committee's motion, preparing a reply in support of the Debtors' motion, and preparing for and
23 attending the hearing on the cross-motions.

24 The Court considered both motions at a hearing on June 25, 2009. After hearing
25 arguments from counsel for the Debtors and the Committee, the Court requested supplemental
26 briefing on two limited issues. Applicant then spent time preparing a supplemental brief and
27 analyzing the supplemental brief submitted by the Committee.

28

1 **9. The Plan**

2 While the confirmation cross-motions were pending, the Debtors and the Committee
3 continued to negotiate in an effort to resolve certain issues, including the Confirmation Issues, and
4 move forward with a consensual plan of reorganization. In an effort to finally resolve these issues,
5 in July 2009, the Debtors and the Committee commenced a mediation. Over the next two months,
6 the Debtors and the Committee drafted mediation briefs, met with the mediator and worked
7 diligently to reach a resolution on the disputed issues. The settlement proposed at the mediation
8 required Applicant to research its various legal implications (including with respect to complex tax
9 issues), confer with Debtors regarding implications for their business on a going-forward basis,
10 and to engage in innumerable detailed discussions with Debtors and the Committee. These efforts
11 resulted in the Debtors and the Committee entering into that certain Binding Term Sheet (the
12 "Term Sheet"), which formed the basis for further negotiations with the aim of creating a series of
13 documents to implement the Plan terms agreed to by the Debtors and the Committee.

14 Following entry into the Term Sheet, beginning in or around October 2009, Applicant
15 spent significant time revising the Plan and Disclosure Statement and incorporating the terms
16 agreed to between the Debtors and the Committee as set forth in the Term Sheet. The Term Sheet
17 describes the parties' agreement at a high level; the resolution of the vast number of specific terms
18 to be expressly set forth in the Plan—and the particular language used to convey those terms—
19 required an additional considerable investment of time by Applicant. Indeed, even after the
20 execution of the Term Sheet, negotiations with the Committee and other interested parties
21 (including the Lucas Companies and the Immell/Hamilton Entities), and resolution of the
22 innumerable issues raised and comments offered by the various parties, resulted in multiple
23 iterations of the Plan and Disclosure Statement: (i) the First Amended Plan and Disclosure
24 Statement, filed on November 9, 2009; (ii) the Second Amended Plan and Disclosure Statement,
25 filed on February 22, 2010; (iii) the Third Amended Plan and Disclosure Statement, filed on
26 May 12, 2010; (iv) the Fourth Amended Plan and Disclosure Statement, filed on May 27, 2010;
27 (v) the Fourth Amended Plan and Disclosure Statement (As Modified), filed on July 7, 2010; and
28 (vi) the final version of the Fourth Amended Plan and Disclosure Statement, filed on July 8, 2010.

1 With respect to the Plan, Applicant also invested significant time analyzing financial
2 projections and budgets, analyzing tax-related issues, researching solicitation issues, researching
3 issues related to liens against Debtors, and obtaining the release thereof, preparing and circulating
4 ballots, soliciting votes to approve the Plan, preparing confirmation briefs and related motions,
5 and attending hearings related to Plan confirmation.

6 The Court confirmed the Plan on July 19, 2002.

7 **11. The Plan Documents**

8 As with respect to the Plan itself, Applicant spent a substantial amount of time during the
9 Application Period drafting, revising and negotiating the many Plan documents, including the
10 Creditors' Trust Agreement, Security Agreement, Secured Promissory Note (Cash Flow Note),
11 Secondary Note, Disbursing Agent Agreement, Negative Pledge, Written Instructions to the
12 Portfolio Entities and Intermediate Entities, and UCC-1 Financing Statements. Each such Plan
13 document required extensive discussions with Debtors and protracted negotiations with the
14 Committee, as well as counsel for the Lucas Companies and Immell/Hamilton Entities. Each
15 document presented innumerable, interrelated and complex issues, including issues related to tax
16 consequences, definitional problems, operation of the Portfolio Entities and Intermediate Entities,
17 and the specific nature of post-Effective Date obligations that would be owed by Debtors to the
18 Creditors' Trust.

19 **12. Control Accounts and Agreements**

20 The Plan contemplates that both the Creditors' Trust and Marilyn Hester Gianulias will
21 hold a security interest in certain proceeds received by Debtors from the various Portfolio Entities
22 and Intermediate Entities. Accordingly, during the Application Period, Applicant spent a
23 considerable amount of time in discussions with various banks in order to identify a financial
24 institution with the capacity and willingness to accommodate the particular arrangement agreed
25 upon by Debtors and the secured parties. After having identified banks with such capacity and
26 willingness, Applicant then had to revise and negotiate the forms of deposit account control
27 agreements which would govern the obligations of the bank (later selected by Debtors) with
28 respect to the deposit accounts and the security interest granted therein. Such negotiations

1 involved addressing various comments and resolving various objections by both the banks and the
2 Committee.

3 **F. Significant Events Covered by Interim Fee Applications**

4 Pursuant to Local Bankruptcy Rule 2016-1(c)(3)(B), which requires that a final fee
5 application cover all of the services performed in the case, Applicant submits the following non-
6 exclusive list of several significant events that required Applicant's attention during the periods
7 covered by the First Interim Fee Application and the Second Interim Fee Application. A detailed
8 description of the services performed during those periods is set forth in the First Interim Fee
9 Application and the Second Interim Fee Application attached to the Declaration and incorporated
10 herein by reference.

11 **1. Committee's Document Requests and Requests for Information**

12 The Committee and its professionals sent the Debtors numerous extensive and burdensome
13 document requests and requests for information. In total, the Committee and its professionals
14 made well over 900 document requests and requests for information from the Debtors. In
15 response to these requests, Gianulias and Applicant expended substantial time and estate resources
16 analyzing the Committee's requests, gathering the responsive information, reviewing such
17 information and preparing responses.

18 **2. Sale of Estate Property**

19 After the commencement of these bankruptcy cases, the Debtors sought Court approval to
20 sell their interests in, and/or to obtain an investor to make a contribution to, several partnerships
21 owned, or owned in part, by the Debtors, including Murrieta 144 Apartments, LP and Murrieta
22 492, LP. In July 2008, the Court granted a motion prepared by Applicant to approve a transaction
23 related to the Murrieta partnerships. In addition, Gianulias sought Court approval to sell his
24 regular membership interest in Big Canyon Country Club, a California non-profit corporation. In
25 December 2008, the Court granted a motion prepared by Applicant to approve the sale of
26 Gianulias' regular membership interest to his son, David Gianulias.

1 **3. Adversary Complaints**

2 After the filing of the non-dischargeability actions by Cal National Bank, Wachovia Bank
3 and Famille Holdings (see Section II.E.6 above), notwithstanding the fact that Debtors ultimately
4 employed separate counsel to defend the actions, Applicant was required to expend substantial
5 time and resources on its preliminary review and analysis of the allegations contained in the
6 complaints in order to determine their impact on the reorganization efforts in general. In addition,
7 following the filing of the complaints, Gianulias requested that Applicant analyze the ability of
8 Gianulias to reimburse Applicant out of estate funds for services provided in connection with the
9 defense of the actions, and Applicant prepared a motion seeking this Court's authorization to use
10 estate funds to defend the actions. Although the motion was denied by the Court, the Court did so
11 without prejudice to defense counsel's ability to seek approval of its costs should the Court
12 determine that the defense resulted in a benefit to Gianulias' estate.

13 **4. Exclusivity for Filing and Soliciting Votes on the Plan**

14 During the periods covered by the First Interim Fee Application and Second Interim Fee
15 Application, Applicant prepared a motion requesting that the Court extend the Debtors' exclusivity
16 period for filing a plan of reorganization and their exclusivity period for soliciting acceptances to
17 their Plan. The Committee filed an opposition to the motion. As a result, Applicant was required
18 to expend additional time and resources on preparing a reply to the Committee's opposition. On
19 December 16, 2008, the Court entered an order extending the Debtors' exclusive right to file a plan
20 of reorganization through January 28, 2009, and their exclusive right to solicit acceptances to their
21 Plan through March 30, 2009.

22 On or about April 3, 2009, the Committee filed its Motion for Order Authorizing
23 Termination of Debtors' Plan Exclusivity, by which the Committee sought to terminate exclusivity
24 in order to file a competing plan to be heard on the same track as the Plan. As a result of the
25 motion, Applicant was required to expend time and resources preparing an opposition, reviewing
26 the Committee's reply to the Debtors' opposition, and preparing for and attending a hearing on the
27 Committee's motion. On or about April 14, 2009, the Court entered an order denying the
28 Committee's motion.

1 In or about May 2009, Applicant spent time preparing a motion requesting that the Court
2 further extend the Debtors' exclusivity period for soliciting acceptances to their Plan from June 1,
3 2009 to September 1, 2009. This second exclusivity motion was filed with the Court on May 29,
4 2009. The Committee opposed the motion. Applicant then spent time preparing a reply in support
5 of the second exclusivity motion, and preparing for and attending the hearing on the motion. On
6 October 16, 2009, this Court entered an order granting the motion.

7 In addition to the foregoing, Applicant spent time negotiating and documenting further
8 extensions of the exclusivity periods, which were agreed upon by Debtors and the Committee, in
9 order to provide the parties additional time to resolve disputed issues.

10 **5. Assume, Assign or Reject Leases**

11 In or about October 2008, Applicant prepared a motion requesting that the Court extend by
12 ninety (90) days the Debtors' deadline to assume, assign, or reject their unexpired leases of non-
13 residential real property. The Court extended the deadline through January 28, 2009. In or about
14 January 2009, Applicant prepared a motion requesting that the Court approve Gianulias'
15 assumption of two unexpired leases of non-residential real property. On February 25, 2009, the
16 Court entered an order authorizing Gianulias to assume such unexpired leases.

17 **6. Committee's Motion to Limit Use of Estate Property**

18 On November 4, 2008, the Committee filed a motion requesting, among other things, that
19 the Court prohibit Gianulias from using estate property to fund what the Committee believed to be
20 unreasonable personal expenses. In light of the magnitude of the allegations, Applicant was
21 required to expend substantial time and resources opposing the motion and preparing for and
22 attending a hearing on the Committee's motion. Applicant also attempted to reach a mutually
23 agreeable compromise with respect to the issues raised in the Committee's motion, reviewed
24 documents, and addressed issues raised by the Committee. At a hearing on July 1, 2009, the Court
25 denied the motion on the grounds that Gianulias' expenses were reasonable.

26 **7. Substantive Consolidation of the Debtors' Estates**

27 In or about October 2008, Applicant prepared a motion seeking the substantive
28 consolidation of Cameo's Chapter 11 estate into Gianulias' Chapter 11 estate, effective as of

1 June 6, 2008. The motion was filed on November 7, 2008. Several oppositions to the motion
2 were filed, including an opposition by the Committee. As a result, Applicant was required to
3 expend additional time and resources responding to these oppositions and in discussions with the
4 objecting parties in an attempt to resolve the existing disputes and reach an agreement with respect
5 to substantive consolidation. Applicant also spent time preparing for and attending a hearing on
6 the substantive consolidation motion. Following the hearing, the Court issued an Order to Show
7 Cause why certain inter-company claims should not be eliminated. Applicant spent time
8 discussing the Order to Show Cause with various parties, preparing a joint response with the
9 Committee, and preparing for and attending a telephonic hearing on the Order to Show Cause. On
10 December 11, 2008, the Court entered an order substantively consolidating Cameo's Chapter 11
11 estate into Gianulias' Chapter 11 estate.

12 **8. The Debtors' Plan Development Efforts**

13 In order to prepare a plan of reorganization that would satisfy the requirements of
14 section 1129 of the Bankruptcy Code, the Debtors were required to obtain expert valuations of the
15 Companies. As a result, the Debtors secured the services of FTI Consulting, Inc. ("FTI") to value
16 their assets. Throughout the valuation process, Applicant was involved in multiple strategy
17 sessions regarding potential plan development during the period covered by the First Interim Fee
18 Order and Second Interim Fee Order. FTI completed its expert valuations in December 2008.

19 On March 31, 2009, because the parties could not agree on further extensions of the
20 exclusivity periods, the Debtors filed the Plan. Applicant spent significant time drafting the Plan
21 and Disclosure Statement and researching various related factual and legal issues. Applicant also
22 met with the Debtors and other professionals regarding their going-forward business plan and
23 valuation of assets.

24 Subsequent to the filing of the Plan, Applicant continued to negotiate with the Committee
25 on behalf of the Debtors with respect to still-disputed issues. These negotiations began in earnest
26 in April 2009, when Applicant provided the Committee with a proposed global resolution of all
27 Plan issues. Applicant continued to meet with the Committee from April through June 2009.

28

1 Applicant prepared three separate settlement proposals for the Committee, each of which required
2 substantial time and effort by Applicant.

3 **III.**

4 **APPLICANT HAS COMPLIED WITH THE REQUIREMENTS OF RULE 2016**
5 **OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, LOCAL**
6 **BANKRUPTCY RULE 2016-1 AND THE UNITED STATES TRUSTEE GUIDES**

7 Rule 2016 of the Federal Rules of Bankruptcy Procedure states, in pertinent part, as
8 follows:

9 (a) Application for Compensation or Reimbursement. An entity
10 seeking interim or final compensation for services, or
11 reimbursement of necessary expenses, from the estate shall file an
12 application setting forth a detailed statement of (1) the services
13 rendered, time expended and expenses incurred, and (2) the amounts
14 requested. An application for compensation shall include a
15 statement as to what payments have theretofore been made or
16 promised to Applicant for services rendered or to be rendered in any
17 capacity whatsoever in connection with the case, the source of the
18 compensation so paid or promised, whether any compensation
19 previously received has been shared and whether an agreement or
20 understanding exists between Applicant and any other entity for the
21 sharing of compensation received or to be received for services
22 rendered in or in connection with the case

23 Applicant has reviewed the requirements imposed by Local Bankruptcy Rule 2016-1 and
24 believes that this Application complies with the same. The Declaration sets forth all information
25 required by Rule 2016 of the Federal Rules of Bankruptcy Procedure and Local Bankruptcy
26 Rule 2016-1, including a narrative summarizing the services performed by Applicant on behalf of
27 the Debtors.

28 **IV.**

THE BANKRUPTCY CODE PROVIDES FOR THE ALLOWANCE
OF COMPENSATION AND FOR REIMBURSEMENT OF EXPENSES

Section 330 of the Bankruptcy Code authorizes the allowance of compensation and
reimbursement of expenses. Section 330 of the Bankruptcy Code provides that a bankruptcy court
may award to the debtor's or a committee's attorney reasonable compensation for actual, necessary
services rendered by the attorney, based on the time, the nature, the extent and the value of such
services, and the cost of comparable services to a non-debtor, as well as reimbursement of the

1 actual, necessary expenses expended by the attorney on behalf of the debtor. Section 330
2 provides, in part, as follows:

3 (a)(1) [T]he court may award to a trustee, an examiner, a
4 professional person employed under section 327 or 1103 –

5 (A) reasonable compensation for actual, necessary
6 services rendered by the trustee, examiner, professional
7 person, or attorney and by any paraprofessional person
8 employed by any such person; and

9 (B) reimbursement for actual, necessary expenses.

10 * * *

11 (3)(A) In determining the amount of reasonable
12 compensation to be awarded, the court shall consider the
13 nature, the extent, and the value of such services, taking into
14 account all relevant factors, including --

15 (A) the time spent on such services;

16 (B) the rates charged for such services;

17 (C) whether the services were necessary to the
18 administration of, or beneficial at the time at which the
19 service was rendered toward the completion of, a case under
20 this title;

21 (D) whether the services were performed within a
22 reasonable amount of time commensurate with the
23 complexity, importance, and nature of the problem, issue, or
24 task addressed; and

25 (E) whether the compensation is reasonable, based on the
26 customary compensation charged by comparably skilled
27 practitioners in cases other than cases under this title.

28 11 U.S.C. § 330(a).

The details in this Application, the attached Declaration and Applicant's detailed
time records attached as Exhibit "D" to the Declaration, establish that the requested fees
were reasonable and necessary given the circumstances of this case and the results
obtained.

Accordingly, Applicant's request for compensation for services rendered to, and
reimbursement of expenses incurred on behalf of, the Debtors during the Application
Period satisfy the requirements of section 330 of the Bankruptcy Code.

V.

CONCLUSION

Based upon the time spent by Applicant, the results obtained, the experience of Applicant,
as well as the fact that Applicant's fees and costs are comparable to those charged by similar law

1 firms, Applicant hereby requests that the Court approve this Application for payment of fees and
2 reimbursement of costs as prayed.

3 DATED: October 6, 2010.

IRELL & MANELLA LLP

By: _____

Alan J. Friedman

Kerri A. Lyman

Attorneys for Reorganized Debtors

DECLARATION OF ALAN J. FRIEDMAN

I, Alan J. Friedman hereby declare and state as follows:

1. I am a partner at the law firm of Irell & Manella LLP ("Applicant"), general insolvency counsel for James C. Gianulias ("Gianulias") and Cameo Homes, a California corporation ("Cameo"), the reorganized debtors in the above-captioned substantively consolidated cases (the "Debtors"). I am licensed to practice in all of the courts of the State of California, and I am admitted to practice before the United States District Court, Central District of California. I am authorized to and make this declaration on behalf of Applicant.

2. I am one of the attorneys with Applicant who is primarily responsible for rendering services to the Debtors.

3. Unless otherwise indicated, the matters stated herein are within my personal knowledge and, if called as a witness, I could and would competently testify with respect thereto.

BACKGROUND OF APPLICANT

4. Applicant is a limited liability partnership which has offices in Los Angeles and Newport Beach, California. All attorneys that have appeared in these cases are duly licensed to practice in the courts of the State of California and various United States District Courts, including the Central District of California. A copy of Applicant's resume addressing the information required by Bankruptcy Rule 2016 and Local Rule 2016-1, including the education, qualification and experience of the members of Applicant's firm who rendered services to the Debtors during the Application Period, is attached hereto as Exhibit "E."

5. A summary setting forth each attorney who rendered services to the Debtors and the year each was admitted to practice law is set forth hereinafter. The summary also includes the name of the legal assistants who worked on these cases.

BACKGROUND AND STATUS OF THESE CASES

6. On June 6, 2008, three creditors of Gianulias commenced an involuntary case against him under Chapter 7 of the Bankruptcy Code. Concurrently, the same three creditors commenced an involuntary Chapter 7 case against Cameo.

1 7. On July 1, 2008, Gianulias and Cameo filed their respective Consents to the Entry of
2 an Order for Relief and Election to Convert Chapter 7 case to case under Chapter 11 of the
3 Bankruptcy Code.

4 8. On July 2, 2008, this Court entered Orders for Relief and converted the Debtors'
5 cases to ones under Chapter 11 (collectively, the "Chapter 11 Cases").

6 9. On July 25, 2008, this Court entered an "Order Granting Debtor's Motion for Order
7 Authorizing Joint Administration of Related Cases."

8 10. On August 4, 2008, the United States Trustee appointed an official joint committee
9 of unsecured creditors (the "Committee") in the Debtors' Chapter 11 Cases.

10 11. On September 9, 2008, this Court entered its order authorizing Applicant's
11 employment as general insolvency counsel for Gianulias ("Employment Order"), effective July 2,
12 2008. A true and correct copy of the Employment Order is attached hereto as Exhibit "A."

13 12. On December 11, 2008, this Court entered an "Order Substantively Consolidating
14 the Chapter 11 estate of Cameo into the Chapter 11 estate of Gianulias" at which time Applicant
15 became counsel to both Gianulias and Cameo.

16 13. On July 19, 2010, the Debtors' Fourth Amended Plan of Reorganization (Dated
17 May 27, 2010), as Modified (the "Plan") was confirmed by this Court.

18 14. Applicant has performed those legal services necessary to adequately represent the
19 Debtors in these Chapter 11 Cases, as such is more particularly set forth herein. During this
20 Application Period, a substantial amount of time (in fact more than three quarters of the time
21 incurred by Applicant) was incurred in connection with Plan formation, preparation of the
22 Debtors' Plan and disclosure statement and numerous issues relating to the same. The Plan, as
23 confirmed by this Court, complies with all of the requirements of the Bankruptcy Code and
24 provides a meaningful distribution to creditors, while at the same time allowing the Debtors to
25 continue in their business endeavors, post-confirmation.

26 15. These Chapter 11 Cases have been particularly unique, as well as challenging, due
27 to the fact that Gianulias is an individual. As a result, these cases have required the interpretation
28 of certain provisions added to the Bankruptcy Code by the 2005 Amendments which are

1 applicable only to individual Chapter 11 debtors. This situation is further complicated by the
2 complex relationship among Gianulias, Cameo and the numerous entities in which Gianulias and
3 Cameo have an ownership interest. Further complicating these cases was the substantive
4 consolidation of the corporate estate (Cameo) into the individual case. Adding to this already
5 complicated factual and legal morass was the extraordinarily level of distrust on the part of the
6 creditors, compounded by the nature of the assets held by the Debtors (closely-held partnerships
7 and limited liability companies). These factors resulted in substantially higher legal fees than
8 were anticipated at the outset of these cases. Through it all, however, the Debtors and Applicant
9 acted as expeditiously as possible to develop and propose a Chapter 11 plan that provided a
10 meaningful distribution to creditors.

11 16. Despite these challenges, the Debtors, with the assistance of Applicant, were able to
12 reach a consensus with the Committee and other parties-in-interest and confirmed a consensual
13 plan of reorganization on July 19, 2010 which will result in the distribution of over \$50 million to
14 creditors of these estates, while enabling the Debtors to continue their business endeavors.
15 Applicant believes that the services which it has provided have been of substantial benefit to the
16 Debtors, and that such services were instrumental in the Plan confirmation process and subsequent
17 confirmation of the Plan.

18 17. Applicant believes that the services which it has provided have been of substantial
19 benefit to the Debtors, such resulting in the confirmation of the Plan. Applicant has also provided
20 a number of other necessary services, which are discussed in greater detail herein. Given the
21 necessity of Applicant's services and the favorable results Applicant has obtained, Applicant
22 requests that the Court approve this Application for payment of fees and reimbursement of costs as
23 requested herein.

24 **COMPENSATION REQUESTED BY APPLICANT**

25 18. Applicant received a pre-petition retainer in the amount of \$1,027,851.73.⁶ Of the
26 \$1,027,851.73, the sum of \$302,851.73 was incurred for services rendered prior to the entry of the
27

28 ⁶ Which included accrued interest of \$11,665.05.

1 Order for Relief, leaving a retainer of \$725,000.00 for services rendered after the entry of the
2 Order for Relief.

3 19. In accordance with the United States Trustee Guides and the Employment Order,
4 Applicant has filed Professional Fee Statements on a monthly basis, even after the retainer was
5 exhausted.

6 20. On January 16, 2009, Applicant filed its "First Interim Application of Irell &
7 Manella LLP, General Insolvency Counsel to James C. Gianulias and Cameo Homes, for
8 Compensation and Reimbursement of Costs" (the "First Interim Fee Application") [Docket No.
9 275], covering the period July 2, 2008 through November 30, 2008. By the First Interim Fee
10 Application, Applicant sought professional fees in the amount of \$875,716.00 and interim costs in
11 the amount of \$30,548.66 for a total of \$906,264.66. A true and correct copy of the First Interim
12 Fee Application is attached hereto as Exhibit "B."

13 21. On March 18, 2009, this Court entered its order (the "First Interim Fee Order")
14 [Docket No. 339], on the First Interim Fee Application. By the First Interim Fee Order, the Court
15 allowed on an interim basis fees of \$875,716.00 and costs of \$30,548.66. The First Interim Fee
16 Order further provided, in part, that the Debtors were authorized to make payments up to 75% of
17 the allowed accrued fees and 100% of the allowed accrued costs.

18 22. On July 23, 2009, Applicant filed its "Second Interim Application of Irell &
19 Manella LLP, General Insolvency Counsel to James C. Gianulias and Cameo Homes, for
20 Compensation and Reimbursement of Costs" (the "Second Interim Fee Application") [Docket No.
21 475], covering the period December 1, 2008⁷ through May 31, 2009. By the Second Interim Fee
22 Application, Applicant sought professional fees in the amount of \$798,347.50 and interim costs in
23 the amount of \$15,843.07 for a total of \$814,190.57. A true and correct copy of the Second
24 Interim Fee Application is attached hereto as Exhibit "C."

25 23. On August 31, 2010, this Court entered its order (the "Second Interim Fee
26 Order") [Docket No. 775], on the Second Interim Fee Application. By the Second Interim Fee
27

28 ⁷ December 11, 2008 with respect to Cameo.

Order, the Court allowed on an interim basis fees of \$798,347.50 and costs of \$15,843.07. The Second Interim Fee Order further provided, in part, that the Debtors were authorized to make payments up to 75% of the allowed accrued fees and 100% of the allowed accrued costs.

24. This is Applicant's third and final application for compensation for services rendered and reimbursement of costs incurred. By this Application, Applicant is requesting the approval of compensation in the amount of \$2,515,693.00 and reimbursement of expenses incurred on behalf of the Debtors in the amount of \$24,563.54⁸, for a total award of \$2,540,256.54. Applicant further requests that this Court authorize and direct the Debtors to pay to Applicant any outstanding fees and costs owed to Applicant as requested by this Application in accordance with the Court's ruling on this Application and in accordance with the terms of the Debtors' confirmed Plan.

SERVICES RENDERED BY APPLICANT

25. In compliance with the requirements of the United States Trustee Guides, Applicant has created separate categories for the types of services rendered to the Debtors. An analysis of each professional and paraprofessional's time spent in each category is set forth hereinafter. A summary of the breakdown of services is as follows:

100	Asset Analysis and Recovery
200	Asset Disposition
300	Business Operations
400	Case Administration
500	Claims Administration and Objections
700	Fee/Employment Application
800	Fee/Employment Objections
1000	Litigation

⁸ Irell discovered at the time of the final fee application that some word processing fees or overtime secretarial charges were included in prior invoices. Irell has written off all such charges (totaling \$672.00) and these amounts are not included in the total expenses sought.

1200	Plan and Disclosure Statement
1800	Tax Issues
2000	Relief from Stay Proceedings
2100	Services For Other Professionals

26. The following is a breakdown of the time spent and the fees incurred in each category of services to which professional time was billed during the period of time encompassed by this Application:

<u>Matter/Category</u>	<u>Total Hours</u>	<u>Total Fees Incurred</u>
100- Asset Analysis and Recovery	26.00	\$18,482.00
200 – Asset Disposition	22.70	\$13,486.00
300 – Business Operations	46.50	\$28,221.00
400 – Case Administration	71.40	\$27,172.00
500 – Claims Administration and Objections	268.70	\$113,150.50
700 – Fee/Employment Application	154.80	\$74,566.00
800 – Fee/Employment Objections	23.50	\$18,978.00
1000 – Litigation	68.20	\$46,573.00
1200 – Plan and Disclosure Statement	2,785.50	\$1,986,124.00
1800 – Tax Issues	190.10	\$125,814.50
2000 – Relief from Stay Proceedings	64.60	\$39,439.00
2100 - Services For Other Professionals	91.70	\$23,687.00
TOTAL:	3,813.70	\$2,515,693.00

27. The following is an overview of time spent and fees incurred in each category where professional or paraprofessional time was billed:

(0100) Asset Analysis and Recovery. Applicant spent 26.00 hours and charged a total of \$18,482.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$710 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$820.00	7.90	\$6,478.00
Alan J. Friedman	\$870.00	9.00	\$7,830.00
Anthony W. Pierotti	\$780.00	2.30	\$1,794.00
Thomas E. Mitchell	\$420.00	4.00	\$1,680.00
Lori S. Gauthier	\$250.00	2.80	\$700.00
TOTAL		26.00	\$18,482.00

During this Application Period, Applicant assisted the Debtors in analyzing issues relating to its assets and various leases. Specifically, during the Application Period, Applicant performed the following services with respect to this category:

- Analyzed potential causes of actions arising from failed sales of assets.
- Reviewed and analyzed various documents and conducted legal research with respect to potential action to compel specific performance.
- Researched California state law and statutes of limitation applicable to actions against government entity for breach of contract and statutory procedures for presentation of claims to governmental entities.
- Participated in various meetings and conference calls relating to potential asset recovery, including recovery of bond money.
- Conducted Lexis UCC searches and reviewed/analyzed results.
- Followed-up and revised documents related to asset acquisition.
- Analyzed documents related to potential avoidance actions.

(0200) Asset Disposition. Applicant spent 22.70 hours and charged a total of \$13,486.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$594 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$870.00	3.30	\$2,871.00
Alan J. Friedman	\$820.00	6.70	\$5,494.00
Kerri A. Lyman	\$650.00	4.20	\$2,730.00
Kerri A. Lyman	\$590.00	.80	\$472.00
Lori S. Gauthier	\$250.00	7.40	\$1,850.00
Lori S. Gauthier	\$230.00	.30	\$69.00
TOTAL		22.70	\$13,486.00

During this Application Period, Applicant assisted the Debtors in analyzing and addressing issues relating to the sale of estate assets and related issues. During the Application Period, Applicant performed the following services with respect to this category:

- Reviewed and analyzed documents, addressed issues, and participated in conference calls and meetings with various parties relating to potential asset sales and potential asset dispositions.
- Analyzed tax issues related to potential asset sales.
- Addressed issues relating to the employment of a real estate broker for the purposes of marketing and selling the Debtors' Aspen property (Fasching Haus), including the preparation of an application to employ BJ Adams and Company as broker, which was granted.
- Addressed issues relating to abandonment of assets.
- Prepared a notice of abandonment and reviewed and finalized abandonment documents relating to the Debtors' interest in French Valley 40 LLC.

(0300) Business Operations. Applicant spent 46.50 hours and charged a total of \$28,221.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$606 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$870.00	2.00	\$1,740.00
Alan J. Friedman	\$820.00	18.90	\$15,498.00
Anthony W. Pierotti	\$780.00	2.50	\$1,950.00
Kerri A. Lyman	\$650.00	3.60	\$2,340.00
Kerri A. Lyman	\$590.00	5.90	\$3,481.00
Lori S. Gauthier	\$250.00	4.20	\$1,050.00
Lori S. Gauthier	\$230.00	9.40	\$2,162.00
TOTAL		46.50	\$28,221.00

The services rendered in this category relate to a variety of issues that have arisen throughout the course of these cases, including analysis and counsel regarding Debtors' day-to-day business operations. Specifically, during the Application Period, Applicant performed the following services with respect to this category:

- Reviewed and analyzed various contracts and related law relative to potential assumption.
- Reviewed and prepared documents relating to a new partnership loan transaction (Lucas-Gianulias), including revising and finalizing a motion authorizing Gianulias to execute documents on behalf of partnership to allow partnership to obtain a loan.
- Conducted legal research relating to ordinary course transactions of Gianulias as a general partner and applicability of the automatic stay.
- Reviewed and analyzed various issues regarding the ongoing business operations related to the Debtors and the Companies (including Mesa and G Companies).
- Addressed issues resulting from the Committee's ongoing document requests, including review and analysis of produced documents.
- Reviewed and analyzed financial information and documents, addressed financial needs and related issues.

- Reviewed documents relating to judgment lien on Newport Coast property, prepared release of lien and memorandum regarding same.
- Reviewed and analyzed request for new loan and related motion for order approving subordination of life estate interest.
- Analyzed cancelled entities in which the Debtors owned an interest and addressed tax impact relating to same.
- Addressed issues relating to executory contracts.
- Reviewed monthly operating reports, including monthly operating reports for Mesa and G Companies, and coordinated submission and service of same on parties.

(0400) Case Administration. Applicant spent 71.40 hours and charged a total of \$27,172.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$380 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$870.00	7.80	\$6,786.00
Alan J. Friedman	\$820.00	5.50	\$4,510.00
Kyle Kawakami	\$780.00	.20	\$156.00
Kerri A. Lyman	\$650.00	.20	\$130.00
Katherine A. Kraus	\$540.00	6.30	\$3,402.00
Lori S. Gauthier	\$250.00	18.30	\$4,575.00
Lori S. Gauthier	\$230.00	33.10	\$7,613.00
TOTAL		71.40	\$27,172.00

The services in this category relate to Applicant's assistance with respect to several operational aspects of the administration of this case. During the Application Period, Applicant performed the following services with respect to this category:

- Assisted the Debtors in the preparation of U.S. Trustee compliance documents.

- Reviewed the Debtors' monthly operating reports and forwarded same to U.S. Trustee and other parties.
- Maintained and continued to update the master mailing and special notice lists, including addressing requests for special notices, notices of address changes, etc.
- Addressed various issues arising out of the Committee's further document requests and related issues, including the review and analysis of documents related to production requests.
- Responded to various creditor inquiries.
- Monitored case, including periodic Pacer searches and review of Court docket.
- Coordinated and assisted in arranging for telephonic appearances, checked Court's posted tentative rulings, scheduled and calendared hearings and related deadlines, and prepared hearing binders.

(0500) Claims Administration and Objections. Applicant spent 268.70 hours and charged a total of \$113,150.50 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$421 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Elliot Freier	\$885.00	.50	\$442.50
Elliot Freier	\$830.00	2.00	\$1,660.00
Alan J. Friedman	\$870.00	19.90	\$17,313.00
Alan J. Friedman	\$820.00	18.00	\$14,760.00
Kerri A. Lyman	\$650.00	52.50	\$34,125.00
Kerri A. Lyman	\$590.00	3.20	\$1,888.00
Lori S. Gauthier	\$250.00	163.20	\$40,800.00
Lori S. Gauthier	\$230.00	9.40	\$2,162.00
TOTAL		268.70	\$113,150.50

1 In this category of service, Applicant addressed various issues concerning proofs of
2 claim and the treatment of such claims. Specifically, during the Application Period, Applicant
3 performed the following services with respect to this category:

- 4 • Reviewed and analyzed various filed claims and related documents and addressed
5 issues regarding claims analysis and potential claim objections.
- 6 • Updated and maintained the claims analysis chart, including reconciliation of same
7 against Debtors' claim summaries.
- 8 • Reviewed documents in connection with possible claim objections and related issues,
9 including impact on plan settlement.
- 10 • Conducted legal and factual analysis with respect to certain claims and addressed
11 issues relating to same.
- 12 • Addressed issues relating to claims analysis and participated in numerous conferences
13 with various parties to address potential objections, claim settlements, etc.
- 14 • Analyzed new law related to payment of fees.
- 15 • Addressed tax issues and implications relating to various claims, including drafting tax
16 provision for Famille claim settlement.
- 17 • Prepared and filed First Omnibus Claim Objections (duplicate and superseded claims),
18 prepared for and attended hearings on the same, and prepared order sustaining the
19 objections.
- 20 • Prepared and filed Second Omnibus Claim Objections (incorrect classification claims),
21 prepared for and attended hearings on the same, and prepared order sustaining the
22 objections.
- 23 • Prepared and filed Third Omnibus Claim Objections (books and records claims),
24 prepared for and attended hearings on the same, and prepared order sustaining the
25 objections.
- 26 • Prepared and filed Fourth Omnibus Claim Objections (no liability/non-debtor claims),
27 prepared for and attended hearings on the same, and prepared order sustaining the
28 objections.

- Reviewed limited objections filed by Laing/Sequoia to the First Omnibus Claim Objections, addressed and resolved the objections, and prepared a stipulation and order resolving the same.
- Reviewed documents and various settlements and motions to approve claim disputes of (1) California National Bank, (2) Wachovia, (3) Deutsche Bank, and (4) Famille.
- Reviewed claims analysis and reconciliation with respect to plan treatment and classifications.
- Reviewed documents and addressed issues relating to claim filed by Universal Bank.
- Reviewed documents and addressed issues relating to various tax and other administrative claims and potential objections.
- Conducted legal research relating to avoidance actions.

(0700) Fee/Employment Applications. Applicant spent 154.80 hours and charged a total of \$74,566.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$481 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$870.00	22.90	\$19,923.00
Alan J. Friedman	\$820.00	27.60	\$22,632.00
Kerri A. Lyman	\$650.00	3.50	\$2,275.00
Kerri A. Lyman	\$590.00	16.10	\$9,499.00
Lori S. Gauthier	\$250.00	37.80	\$9,450.00
Lori S. Gauthier	\$230.00	46.90	\$10,787.00
TOTAL		154.80	\$74,566.00

In connection with this category of service, Applicant provided the following services:

- Reviewed and revised monthly invoices for Applicant.
- Prepared fifteen (15) monthly Professional Fee Statements for May 2009 through July 2010 for Applicant.
- Prepared and finalized Second Interim Fee Application and supporting documents.

- Coordinated hearing with other employed professionals relating to Second Interim Fee Application, including preparation of 45-day notice to same.
- Prepared for and attended hearing on Second Interim Fee Application; prepared joint fee order granting second interim fee applications.
- Reviewed and addressed issues relating to pending fee applications, the Court's rescheduling of hearings on the same and impact on case.
- Prepared notices of the Court's various continuances of the hearing on the pending fee applications.
- Reviewed and analyzed fee-related issues, including addressing Committee's inquiries relating to percentage calculations and payments.
- Prepared and finalized this third and final fee application and supporting documents.

(0800) Fee/Employment Objections. Applicant spent 23.50 hours and charged a total of \$18,978.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$807 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$870.00	.40	\$348.00
Alan J. Friedman	\$820.00	21.90	\$17,958.00
Kerri A. Lyman	\$590.00	1.10	\$649.00
Lori S. Gauthier	\$230.00	.10	\$23.00
TOTAL		23.50	\$18,978.00

Applicant's services with respect to this category included addressing issues and potential objections relating to employment and fee applications of various professionals. In particular, the during the Application Period, Applicant performed the following services with respect to this category:

- Reviewed monthly Professional Fee Statements of various professionals and addressed issues relating to same.

- Reviewed and analyzed fee applications of various professionals.
- Reviewed documents and conducted legal research relating to addressing issues regarding potential objections to fees of various professionals.
- Communicated with various parties relating to various fee-related matters, potential objections and pending fee issues.

(1000) Litigation. Applicant spent 68.20 hours and charged a total of \$46,573.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$682 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$870.00	4.00	\$3,480.00
Alan J. Friedman	\$820.00	24.50	\$20,090.00
Evan C. Borges	\$680.00	2.20	\$1,496.00
Kerri A. Lyman	\$650.00	13.10	\$8,515.00
Kerri A. Lyman	\$590.00	15.70	\$9,263.00
Shelly D. Cordova	\$605.00	4.00	\$2,420.00
Shelly D. Cordova	\$540.00	.60	\$324.00
Lori S. Gauthier	\$250.00	2.10	\$525.00
Lori S. Gauthier	\$230.00	2.00	\$460.00
TOTAL		68.20	\$46,573.00

These Chapter 11 Cases began as involuntary proceedings. Prior to commencing the Chapter 11 Cases, however, several of the Debtors' lenders filed state court complaints in early 2008 against the Debtors and various entities the Debtors own, or own in part. The state court complaints alleged breaches of several notes and/or guarantees. Although, by virtue of the automatic stay, the state court plaintiffs were unable to proceed against the Debtors once the bankruptcy proceedings commenced, the state court cases have continued as to the non-debtor entities that the Debtors have ownership interests in. As a result, Applicant has been required to

1 expend time and resources toward analyzing the impact that continuation of the state court actions
2 against the non-debtor entities would have on the Debtors and their estates. In addition, Applicant
3 has been required to make appearances at certain state court hearings in order to provide updates
4 on the bankruptcy proceedings.

5 During the Application Period, Applicant performed the following services with respect to
6 this category:

- 7 • Reviewed and analyzed various state court actions and documents relating to
8 pending settlements and analysis of issues and potential structures for settlement,
9 including analysis of settlements and impact on plan process.
- 10 • Conducted factual research on status of state court litigation.
- 11 • Participated in conferences with the Debtors and other professionals relating to
12 state court actions, pending litigation, and the impact of the same on business
13 operations.
- 14 • Participated in multiple conferences and correspondence with opposing counsel
15 regarding potential resolution/settlement of various proceedings.
- 16 • Prepared for and attended numerous mandatory state court hearings, case
17 management conferences, and hearings relating to why state court case should not
18 be dismissed due to bankruptcy (including proceedings commenced by Housing
19 Capital, Intervest, and San Jacinto).
- 20 • Attended hearing on motion for summary judgment.
- 21 • Analyzed pending litigation cases and pleadings relating to same, including review
22 and monitoring of the pending actions to determine upcoming matters and
23 deadlines, and update status of state court litigation.

24 **(1200) Plan and Disclosure Statement.** Applicant spent 2,785.50 hours and charged a
25 total of \$1,986,124.00 in professional fees in this category of service. The blended hourly rate for
26 services performed in this category was approximately \$713 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Elliot Freier	\$885.00	32.70	\$28,939.50
Elliott Freier	\$830.00	20.30	\$16,849.00
Alan J. Friedman	\$870.00	664.60	\$578,202.00
Alan J. Friedman	\$820.00	537.50	\$440,750.00
Joel Rabinovitz	\$865.00	2.30	\$1,989.50
Kyle Kawakami	\$830.00	531.00	\$440,730.00
Kyle Kawakami	\$780.00	30.50	\$23,790.00
Kerri A. Lyman	\$650.00	213.00	\$138,450.00
Kerri A. Lyman	\$590.00	164.90	\$97,291.00
Katherine A. Kraus	\$510.00	4.60	\$2,346.00
Thomas E. Mitchell	\$495.00	290.90	\$143,995.50
Laura E. Brady	\$310.00	.90	\$279.00
Times Wang	\$295.00	11.10	\$3,274.50
Lori S. Gauthier	\$250.00	228.10	\$57,025.00
Lori S. Gauthier	\$230.00	53.10	\$12,213.00
TOTAL		2,785.50	\$1,986,124.00

Applicant's services in this category involved extensive research and analysis in connection with the preparation of the Debtors' Plan and Disclosure Statement, negotiation and drafting of the various Plan documents, and related issues. During the Application Period, Applicant performed the following services with respect to this category:

- Addressed issues relating to exclusivity, including negotiating extended exclusivity deadlines, drafting motions and preparation for hearing regarding same.
- Conducted legal research and drafted opposition to Committee's confirmation brief and drafted supplemental confirmation brief.
- Participated in phone calls and meetings with the Debtors, other professionals and the Committee to discuss Plan issues and settlement proposals.

- 1 • Participated in mediation with the Committee in effort to resolve pending Plan
- 2 issues.
- 3 • Analyzed multiple settlement structures, plan scenarios, and timelines.
- 4 • Reviewed and analyzed potential amendments to Disclosure Statement.
- 5 • Researched and analyzed legal issues related to mediation and drafted mediation
- 6 briefs.
- 7 • Drafted, negotiated, and finalized Term Sheet setting forth settlement of Plan issues
- 8 between Debtors and the Committee.
- 9 • Reviewed and analyzed revised Plan and Disclosure Statement structure and
- 10 pending Plan issues in light of Term Sheet.
- 11 • Participated in phone conferences and meetings with Debtors to discuss Term Sheet
- 12 with respect to revised Plan structure and related issues.
- 13 • Analyzed and researched legal and factual issues, including, but not limited to,
- 14 revised Plan structure, valuation and related concerns, financial projections,
- 15 classification issues, tax structure, Plan alternatives, various issues under the
- 16 Bankruptcy Code, legal standards, and standards on Plan process.
- 17 • Addressed issues concerning valuation of Debtors' assets, including numerous
- 18 conferences with FTL.
- 19 • Reviewed partnership agreements and deeds of trust with respect to Portfolio
- 20 Entities and Intermediate Entities regarding transfer provisions/restrictions and
- 21 related research; prepared an analysis/summary regarding same.
- 22 • Researched, analyzed, drafted, and negotiated the various revised versions of the
- 23 Debtors' Plan and Disclosure Statement and arranged for service and filing of same.
- 24 • Participated in numerous phone calls and meetings with Debtors, the Committee
- 25 and other professionals with respect to provisions of the Plan and Disclosure
- 26 Statement.
- 27 • Conducted factual investigation of, and engaged in discussions regarding, status
- 28 and conducted analysis of non-dischargeability actions.

- 1 • Conducted factual investigation of, and engaged in discussions regarding, status
- 2 and conducted analysis of various secured claims.
- 3 • Participated in conferences and conducted analysis of settlement of adversary
- 4 proceedings and impact on the revised Plan.
- 5 • Negotiated and prepared stipulation to continue Disclosure Statement hearing.
- 6 • Drafted notice of Disclosure Statement hearing and motions for approval of
- 7 Disclosure Statement.
- 8 • Conducted factual investigation, including reviewing UCC search results, and legal
- 9 analysis with respect to liens against assets of the Debtors and procedures for
- 10 obtaining the release thereof.
- 11 • Reviewed, analyzed, and drafted replies to various objections to the revised Plan
- 12 and Disclosure Statement.
- 13 • Drafted and distributed ballots and solicited votes with respect to approval of the
- 14 Plan.
- 15 • Analyzed issues related to the Portfolio Entities and Intermediate Entities,
- 16 including capital calls by and loans made to such entities.
- 17 • Drafted various briefs, motions and proposed orders and attended hearings related
- 18 to Plan confirmation.
- 19 • Participated in numerous phone calls and other correspondence with attorneys for
- 20 the Lucas Companies and the Immell/Hamilton Entities, each of which own
- 21 interests in certain Portfolio Entities and/or Intermediate Entities; negotiated
- 22 various provisions of the Plan and Plan documents with the same.
- 23 • Drafted, revised, negotiated, and participated in various other discussions regarding
- 24 the various Plan Documents, including the Creditors' Trust Agreement, Security
- 25 Agreement, Secured Promissory Note (Cash Flow Note), Secondary Promissory
- 26 Note, Negative Pledge, Written Instructions to Portfolio Entities and Intermediate
- 27 Entities and Disbursing Agent Agreement.
- 28

- Researched and analyzed complicated tax issues related to the various Plan documents.
- Participated in discussions with various banks and with Debtors regarding deposit accounts subject to control agreements.
- Revised forms of control agreements and negotiated the same with banks and the Committee.
- Drafted and negotiated documentation with respect to the treatment under the Plan of Marilyn Hester Gianulias.
- Reviewed budgets for certain partnership entities prepared by Debtors and participated in discussions with the Committee regarding such budgets.

(1800) Tax Issues. Applicant spent 190.10 hours and charged a total of \$125,814.50 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$661 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Elliot Freier	\$885.00	22.90	\$20,266.50
Elliot Freier	\$830.00	24.60	\$20,418.00
Milton B. Hyman	\$880.00	1.00	\$880.00
Alan J. Friedman	\$870.00	14.80	\$12,876.00
Alan J. Friedman	\$820.00	8.70	\$7,134.00
Paul N. Frimmer	\$865.00	.30	\$259.50
Kyle Kawakami	\$830.00	3.80	\$3,154.00
Katherine A. Kraus	\$540.00	92.40	\$49,896.00
Katherine A. Kraus	\$510.00	21.30	\$10,863.00
Debra K. Hogan	\$225.00	.30	\$67.50
TOTAL		190.10	\$125,814.50

In connection with the substantive consolidation of these cases and in connection with the preparation of the Plan and Disclosure Statement, Applicant was required to devote substantial

1 time and resources toward analyzing complicated tax issues. Specifically, during the Application
2 Period, Applicant performed the following services with respect to this category:

- 3 • Reviewed and analyzed documents relating to potential tax issues.
- 4 • Addressed issues and conferred with tax consultants regarding tax-related issues,
5 including, but not limited to, projections, Section 1231 rate issues, COD calculation
6 and guarantees and carry back issues.
- 7 • Researched issues relating to income allocation between estate and individual, and tax
8 implications of 2005 Amendments to property of the individual bankruptcy estate.
- 9 • Researched issues relating to valuation, deductibility of legal fees, capitalization versus
10 deduction.
- 11 • Prepared and revised tax disclosure and term sheet relative to Plan and Disclosure
12 Statement.
- 13 • Participated in numerous conferences with clients and tax professionals relative to tax
14 implications and impact on settlement and Plan confirmation.
- 15 • Addressed issues regarding treatment of secured debt under the Plan.
- 16 • Reviewed issues relating to dissolution of entities, evaluated entities dissolved in 2009
17 and addressed tax liabilities resulting from dissolved entities.
- 18 • Reviewed and analyzed tax returns.
- 19 • Reviewed and revised Creditors' Trust Agreement, partnership agreements, tax
20 disclosures and addressed issues relating to the same with various parties.
- 21 • Addressed potential tax issues relating to the Plan and revised tax information for the
22 Plan.
- 23 • Researched tax consequences of modifications to Creditors' Trust Agreement and
24 revised Creditors' Trust Agreement.
- 25 • Reviewed, analyzed, and addressed issues relating to 108(B)(5) election scenarios.
- 26 • Reviewed, analyzed, and commented on liquidation analysis, tax projection and
27 computation on liquidation analysis.
- 28

- Reviewed loans, income projections, loan balance spreadsheets and various documents regarding preparation of additional revisions to tax disclosures.

(2000) Relief from Stay Proceedings. Applicant spent 64.60 hours and charged a total of \$39,439.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$610 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Alan J. Friedman	\$870.00	1.20	\$1,044.00
Alan J. Friedman	\$820.00	14.70	\$12,054.00
Kerri A. Lyman	\$590.00	42.00	\$24,780.00
Lori S. Gauthier	\$250.00	1.00	\$250.00
Lori S. Gauthier	\$230.00	5.70	\$1,311.00
TOTAL		64.60	\$39,439.00

Applicant's services with respect to this category included review and analysis of issues relating to potential relief from stay actions. During the Application Period, Applicant performed the following services with respect to this category:

- Reviewed and addressed issues relating to pending motions for relief, legal analysis and addressing potential options for resolving same.
- Reviewed and analyzed motion for relief by Fasching Haus East Condominium Association relating to Aspen, Colorado property, legal and factual research relating to same, prepared opposition to the motion, analyzed arguments for hearing and resolution of the matter.
- Reviewed documents and addressed issues relating to line of credit issued by Pacific Mercantile and reviewed and revised stipulation granting relief from the stay to allow Pacific Mercantile to pursue its remedies to foreclose on the line of credit.
- Prepared letter informing party of stay relating to Riverside La Quinta property.

- Reviewed and analyzed motion for relief by BAC/Countrywide Home Loans relating to La Quinta property, legal and factual research relating to same and prepared opposition to the motion.
- Prepared and submitted order denying motion for relief by Wells Fargo Bank.

(2100) Services For Other Professionals. Applicant spent 91.70 hours and charged a total of \$23,687.00 in professional fees in this category of service. The blended hourly rate for services performed in this category was approximately \$258 per hour.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Kerri A. Lyman	\$650.00	2.10	\$1,365.00
Kerri A. Lyman	\$590.00	2.80	\$1,652.00
Lori S. Gauthier	\$250.00	35.30	\$8,825.00
Lori S. Gauthier	\$230.00	51.50	\$11,845.00
TOTAL		91.70	\$23,687.00

Applicant's services with respect to this category included assisting various professionals with respect to the requirements and procedures relating to employment and fee procedures during the pendency of these cases, such professionals included: (1) BMC (bankruptcy consultants for Gianulias), (2) FTI Consulting, Inc. (financial advisor for Gianulias); (3) Haskell & White (tax consultants for Gianulias), (4) Croudace, Dietrich & Parker LLP (special counsel to Gianulias); and (5) The Lobel Firm (special counsel for Debtors). During the Application Period, Applicant performed the following services:

- Reviewed and assisted the Debtors' various employed professionals in the preparation and service of their monthly Professional Fee Statements.
- Reviewed monthly Professional Fee Statements of Committee's professionals.
- Addressed issues relating to the employment of Croudace & Dietrich LLP as special counsel for the Debtors, including coordinating and follow-up on obtaining entered order approving such employment.

- Coordinated scheduling of the hearing on the second interim fee applications of professionals, including preparation of 45-day notice to professionals.
- Assisted the Debtors' various employed professionals with the preparation of their respective fee applications and related procedures.
- Reviewed fee applications of Committee's professionals, including preparation and filing of reservation of rights relating to the same.
- Arranged for telephonic appearances relating to fee hearings, kept professionals advised of various continuances by the Court and prepared notices of continuances.
- Followed up on employment of real estate broker, including preparation and filing of order employing broker.
- Coordinated scheduling of the hearing on final fee applications of professionals, including preparation of notice to professionals regarding same.
- Drafted final fee application on behalf of The Lobel Firm.

28. Attached hereto as Exhibit "D" and incorporated by this reference are the detailed time records of Applicant concerning its representation of the Debtors in these bankruptcy cases. These records consist of computer printouts in the form of a billing statement. Applicant's time records were prepared on a daily basis by the attorneys and legal assistants working on the case. Each attorney and legal assistant measured their time for services rendered to the Debtors on a "tenths of an hour basis." The billing statement contains a chronological summary of the time spent and services rendered to the Debtors. The billing statement in these cases is set forth under Applicant's Client No. 160808 and includes services rendered and expenses incurred on behalf of the Debtors during the Application Period.

29. In compliance with Local Bankruptcy Rule 2016-1 (a)(H), the following is a summary setting forth each attorney who worked on the case and the year each was admitted to practice law. This summary also includes the name of the legal assistants working on the case.

(AFRI) Alan J. Friedman. Partner of Applicant; admitted to practice in California in 1987; 691.90 total hours at a billable rate of \$820.00 per hour and 749.90 total hours at a billable rate of \$870.00 per hour.

1 (HYMA) Milton B. Hyman. Partner of Applicant; admitted to practice in California in
2 1967; 1.00 total hour at a billable rate of \$880.00 per hour.

3 (RAB) Joel Rabinovitz. Partner of Applicant; admitted to practice in California in 1981;
4 2.30 total hours at a billable rate of \$865.00 per hour.

5 (FRIM) Paul N. Frimmer. Former partner of Applicant; admitted to practice in California
6 in 1972; .30 total hours at a billable rate of \$865.00 per hour.

7 (FREI) Elliot Freier. Partner of Applicant; admitted to practice in California in 1986;
8 46.90 total hours at a billable rate of \$830.00 per hour and 56.10 total hours at a billable rate of
9 \$885.00 per hour.

10 (KAWA) Kyle Kawakami. Partner of Applicant; admitted to practice in California in
11 1986; 30.70 total hours at a billable rate of \$780.00 per hour and 534.80 total hours at a billable
12 rate of \$830.00 per hour.

13 (PIER) Anthony W. Pierotti. Partner of Applicant; admitted to practice in California in
14 1987; 4.80 total hours at a billable rate of \$780.00 per hour

15 (EBOR) Evan C. Borges. Of Counsel; admitted to practice in California in 1987; 2.20
16 total hours at a billable rate of \$680.00 per hour.

17 (LYMA) Kerri A. Lyman. Associate; admitted to practice in California in 2006, admitted
18 to practice in New York and Massachusetts in 2003; 252.50 total hours at a billable rate of
19 \$590.00 per hour and 292.20 total hours at a billable rate of \$650.00 per hour.

20 (KRAU) Katherine A. Kraus. Associate; admitted to practice in California in 2003; 25.90
21 total hours at a billable rate of \$510.00 per hour and 98.70 total hours at a billable rate of \$540.00
22 per hour.

23 (SCOR) Shelley D. Cordova. Associate; admitted to practice in California in 2004; .60
24 total hours at a billable rate of \$540.00 per hour and 4.00 total hours at a billable rate of \$605.00
25 per hour.

26 (TMIT) Thomas E. Mitchell. Associate; admitted to practice in California in 2006; 4.00
27 total hours at a billable rate of \$420.00 per hour and 290.90 total hours at a billable rate of \$495.00
28 per hour.

(LBRA) Laura E. Brady. Senior Legal Assistant; .90 total hours at a billable rate of \$310.00 per hour.

(TWAN) Times Wang. Law Clerk; 11.10 total hours at a billable rate of \$295.00 per hour.

(LGAU) Lori S. Gauthier. Senior Legal Assistant; 211.50 total hours at a billable rate of \$230.00 per hour and 500.20 total hours at a billable rate of \$250.00 per hour.

(HGAN) Debra K. Hogan. Librarian; .30 total hours at a billable rate of \$225.00 per hour.

Following is a summary setting forth the hourly rates, total number of hours worked and total fees owing for services performed by attorneys and paralegals working on matters for the Debtors during this Application Period.

<u>Attorney/Paralegal</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Fees Due</u>
Elliot Freier	\$885.00	56.10	\$49,648.50
Elliot Freier	\$830.00	46.90	\$38,927.00
Milton B. Hyman	\$880.00	1.00	\$880.00
Alan J. Friedman	\$870.00	749.90	\$652,413.00
Alan J. Friedman	\$820.00	691.90	\$567,358.00
Joel Rabinovitz	\$865.00	2.30	\$1,989.50
Paul N. Frimmer	\$865.00	.30	\$259.50
Kyle Kawakami	\$830.00	534.80	\$443,884.00
Kyle Kawakami	\$780.00	30.70	\$23,946.00
Anthony W. Pierotti	\$780.00	4.80	\$3,744.00
Evan C. Borges	\$680.00	2.20	\$1,496.00
Kerri A. Lyman	\$650.00	292.20	\$189,930.00
Kerri A. Lyman	\$590.00	252.50	\$148,975.00
Katherine A. Kraus	\$540.00	98.70	\$53,298.00
Katherine A. Kraus	\$510.00	25.90	\$13,209.00
Shelly D. Cordova	\$605.00	4.00	\$2,420.00
Shelley D. Cordova	\$540.00	.60	\$324.00

1	Thomas E. Mitchell	\$495.00	290.90	\$143,995.50
2	Thomas E. Mitchell	\$420.00	4.00	\$1,680.00
3	Laura E. Brady	\$310.00	.90	\$279.00
4	Times Wang	\$295.00	11.10	\$3,274.50
5	Lori S. Gauthier	\$250.00	500.20	\$125,050.00
6	Lori S. Gauthier	\$230.00	211.50	\$48,645.00
7	Debra K. Hogan	\$225.00	.30	\$67.50
8	TOTAL:		3,813.70	\$2,515,693.00

11 30. During the Application Period, Applicant logged a total of 3,813.70 hours. The
12 blended hourly rate for professional services performed by the attorneys and legal assistants is
13 \$659 per hour.

14 31. There are instances where Applicant's time records indicate interoffice
15 conferencing between attorneys and legal assistants. Applicant believes that, at times, interoffice
16 conferencing is absolutely necessary when representing either a debtor or a committee. To
17 effectively represent a debtor or committee, Applicant assembles a "team" of lawyers and a legal
18 assistant. The team consists of a supervising member of Applicant, one or more associates, and a
19 paralegal. Using the team approach, Applicant can operate a case on a cost-efficient basis by
20 assigning each required task to a lawyer at an appropriate level of expertise and experience. A key
21 to good teamwork is communication. While it is not necessary for all team members to be aware
22 of all of the intricacies of a case, certainly the member of Applicant supervising the matter has to
23 be.

24 **REIMBURSEMENT OF EXPENSES REQUESTED BY APPLICANT**

25 32. By this Application, Applicant is requesting reimbursement of expenses incurred
26 during the Application Period in the amount of \$25,235.54. Applicant has prepared a breakdown
27 of its expenses incurred on behalf of the Debtors, on a month by month basis, which is included in
28 Exhibit "D" attached hereto. The following is a brief cost summary as to the different types of

expenses Applicant is seeking reimbursement for:

<u>Description of Cost</u>	<u>Amount</u>
Air Freight & Messenger (Includes Federal Express, Overnite Express, Nationwide Legal Messenger Fees, etc.)	\$1,091.90
Internal Photocopy Costs	\$8,310.45
Internal Color Printing/Photocopy Costs	\$332.10
Internal Printing Expense	\$2,880.30
Telecopier Costs	\$69.30
Computer Research:	
Lexis	\$312.95
Misc. Database – Pacer	\$1,451.09
Westlaw	\$4,094.02
Internal/External Long Distance Phone	\$143.09
Telephone (Conference Calls) – Soundpath Legal Conferencing Services)	\$948.99
Postage	\$1,662.74
Filing Fees - Court Call Fees:	\$962.50
Word Processing Fees	\$592.00 {being written-off}
Filing and Document Search Fees	\$823.25
Document Retrieval & Storage Fees	\$7.50
Overtime Secretarial Fees	\$80.00 (being written off)
Working Meals	\$1,473.36
TOTAL:	\$24,563.54⁹

33. No agreement or understanding of any kind exists between Applicant and any other person for the sharing of compensation received from the Debtors for Applicant's services

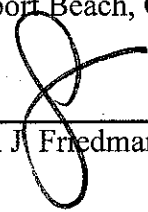
⁹ Irell discovered at the time of the final fee application that some word processing fees or overtime secretarial charges were included in prior invoices. Irell has written off all such charges (totaling \$672.00) and these amounts are not included in the total expenses sought.

1 rendered in these Chapter 11 Cases.

2 34. Applicant is informed that, except for accrued, unpaid administrative expenses that
3 remain outstanding for professional fees and costs, there are no administrative expenses, which
4 have been allowed by this Court, that remain unpaid.

5 I declare under penalty of perjury that the foregoing is true and correct.

6 Executed this 6th day of October 2010, at Newport Beach, California.

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10 Alan J. Friedman
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