

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:	:	CHAPTER 7
	:	
PIKE NURSERY HOLDING, LLC,	:	CASE NO.: 07-79129
	:	
DEBTOR.	:	JUDGE DIEHL
	:	

**UNITED STATES TRUSTEE’S OBJECTION
TO APPLICATIONS OF PROFESSIONALS FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

The United States Trustee for Region 21 in furtherance of his administrative responsibilities imposed pursuant to 28 U.S.C. § 586(a) files this Objection to Applications of Professionals for Compensation and Reimbursement of Expenses and in support therefor states as follows:

1. The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on November 14, 2007.
2. As directed by the Court, the United States Trustee appointed Marcus A. Watson (“Watson”) as Chapter 11 Trustee in this case on March 18, 2008, which appointment the Court approved by order entered March 19, 2008.
3. By order entered March 24, 2008, the Court converted this case to Chapter 7 and the United States Trustee appointed Watson as Chapter 7 Trustee.
4. During the pendency of the Debtor’s Chapter 11, the following professionals provided services in connection with this case and are now seeking compensation and

reimbursement of expenses:

Scroggins & Williamson	\$459,851.00	Fees
Debtor's counsel	\$ 14,638.55	Expenses
Powell Goldstein LLP	\$215,464.00	Fees
Co-counsel for Creditors' Committee	\$ 7,340.00	Expenses
Pachulski Stang Ziehl & Jones	\$198,739.00	Fees
Co-counsel for Creditors' Committee	\$ 10,154.31	Expenses
Alvarez & Marsal Securities, LLC	\$800,000.00	Fees
Financial advisor to the Debtor	\$ 2,122.72	Expenses
Aurora Management Partners, Inc.	\$110,000.00	Fees
Financial advisor to the Committee	\$ 3,706.48	Expenses
Total Fees:	\$1,784,054.00	
Total Expenses:	\$ 37,962.06	
Final Total:	\$1,822,016.06	

5. All of the professionals have styled their applications as final applications.

6. The United States Trustee does not believe that the Court should consider and rule upon the applications at this time.

7. All of the applications, to the extent allowed, are administrative expenses of the Debtor's Chapter 11 proceeding.

8. Pursuant to 11 U.S.C. § 726(b), administrative expenses of the Debtor's Chapter 11 proceeding may not be paid until all administrative expenses of the Debtor's Chapter 7 proceeding have been paid in full.

9. The United States Trustee has been advised that the Chapter 7 Trustee currently has cash on hand of approximately \$1,767,534.00.

10. Thus far, the Chapter 7 Trustee has incurred Chapter 7 administrative expenses totaling approximately \$374,834.00, which expenses include professional fees of his principal

attorney, Schreeder, Wheeler & Flint in the amount of approximately \$123,000.00, and special co-counsel Powell Goldstein LLP and Pachulski Stang Ziehl & Jones in the combined amount of approximately \$80,000.00.

11. Consequently, the Chapter 7 Trustee only has approximately \$1,392,700.00 in the Debtor's estate at present which is insufficient to pay that portion of all the Chapter 11 administrative expenses for the Debtor represented by the professional fees and expenses set forth above.

12. Before the Court may approve compensation to the professionals as requested, the Court must determine that the fees incurred are reasonable, necessary and beneficial to the estate. 11 U.S.C. §§ 330(a)(1), (a)(3).

13. In its current posture, the Debtor's case appears to be administratively insolvent.

14. The United States Trustee is advised that the Chapter 7 Trustee is investigating all matters which reasonably may be pursued to enhance solvency in this case.

15. Although one cannot reasonably argue that the apparent administrative insolvency of this case renders the efforts of the professionals seeking compensation of no benefit to the Debtor's estate, quantifying the amount of the benefit to the Debtor's estate, i.e., allowing final compensation as the professionals have requested, is premature and problematic until such time as the Chapter 7 Trustee completes pursuit of those matters which the Chapter 7 Trustee reasonably believes may enhance solvency.

Wherefore, the United States Trustee prays that he be heard in this matter and the Court defer consideration of the applications for compensation and reimbursement of expenses filed by

the professionals.

DONALD F. WALTON
UNITED STATES TRUSTEE
Region 21

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CERTIFICATE OF SERVICE

I Hereby Certify that a true and correct copy of the foregoing was sent by First Class

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Done this 3rd day of July, 2008.

By: s/ Leroy Culton
Leroy Culton
Trial Attorney