

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

In re:) Chapter 11
)
TWG CAPITAL, INC.,) Case No. 12-11019-BHL-11
)
Debtor.)

**FIRST INTERIM APPLICATION OF FAEGRE BAKER DANIELS LLP FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES
AS COUNSEL FOR THE DEBTOR**

Faegre Baker Daniels LLP ("FBD") hereby makes its first interim application (this "Application") for the allowance and payment of its attorneys' fees as counsel for the above-captioned debtor and debtor-in-possession (the "Debtor") and for reimbursement of out-of-pocket expenses advanced on behalf of the Debtor. In support of this Application, FBD states as follows:

1. On September 14, 2012 (the "Petition Date"), the Debtor filed with the United States Bankruptcy Court for the Southern District of Indiana (the "Court") its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. as amended. On October 11, 2012, the Court entered its order approving the retention of FBD as counsel to the Debtor *Nunc Pro Tunc* to the Petition Date [Docket No. 90].

2. This Application is the first interim application filed by FBD seeking compensation and reimbursement of out-of-pocket expenses advanced by counsel for the Debtor for the period September 14, 2012 through and including December 31, 2012. This Application is being filed pursuant to the *Order Granting Motion for Authority To Approve Procedures For Billings By And Payments To Professionals Retained In This Case For Fees And Expenses*

Incurred (the "Professional Billings Order") [Docket No. 89] entered by the Court on October 11, 2012.

3. In the course of its representation of the Debtor, FBD has performed a variety of services, all of which are described in detail in the billing statements attached as Exhibit A. The services performed by FBD for and on behalf of the Debtor include, but are not limited to, the following categories:

- a. Asset Disposition [B002]. FBD assisted the Debtor in connection with the sale of substantially all of its assets pursuant to 11 U.S.C. § 363. In connection with the sale, FBD assisted the Debtor in the development of strategy and bidding procedures, analysis of business components, and documentation of the sale. FBD also solicited offers from potential overbidders and assisted the Debtor in satisfying due diligence requests related to expressions of interest from potential overbidders. The sale to the stalking horse bidder, Carmel Funding, LLC ("Carmel Funding"), closed on December 31, 2012. FBD advised the Debtor in determining whether to accept or reject various executory contracts and leases. FBD advised the Debtor in the rejection of certain agreements reflecting a complex four-party transaction involving the Debtor, Long Term Preferred Care, Inc., Imagine International Reinsurance Limited ("Imagine"), and The LION 2004 Receivables Trust ("Lion Trust") and in the negotiation of a related settlement. FBD also assisted the Debtor with extensions of the time to assume or reject its office space lease.
- b. Business Operations [B003]. FBD assisted the Debtor with matters generally related to the Debtor's ongoing operations, including assistance with the development of business plans and issues related to cash management, payment of employee wages, employee benefits, and employee retention. FBD assisted the Debtor with communications to the Debtor's key constituents, such as employees and downline agents, regarding the status and impact of the Chapter 11 case. FBD also assisted the Debtor in strategizing and negotiating post-sale transition services agreements providing for the transition of the Debtor's business operations to Carmel Funding. FBD represented the Debtor in negotiations with Fifth Third Bank regarding the servicing agreements related to Insurance Receivables 7, LLC ("IR7"), the Debtor's wholly owned special purpose vehicle, and with strategizing the transition of the IR7 servicing obligations to a successor entity. FBD also assisted the Debtor in transitioning the employment services of the Debtor's key employees, including documenting a cost sharing agreement and employment

agreements with Carmel Funding, which ensured the continued provision of necessary employee services during the Debtor's wind-down period.

- c. Case Administration [B004]. This category consists primarily of work discharged by paralegals, and includes the accumulation, organization, retention and distribution of information for reporting purposes, the preparation of pleadings and notices, preparation for hearings, as well as for parties in interest, assembly of, filing, and maintenance of files concerning the pleadings filed in the case, communications with attorneys regarding appearance and interventions to make sure that all counsel were properly included upon the service list, review and calendaring of orders and notices, and communications with the Court regarding the entry and distribution of same. At times this category also includes work discharged by attorneys interacting with the Court and the Clerk's office to ensure that matters are handled efficiently and within the applicable rules. FBD assisted the Debtor with preparation of materials for the initial debtor interview with the United States Trustee, schedules and statement of financial affairs, and reporting of subsidiary operations.
- d. Claims Administration And Objections [B005]. FBD assisted and advised the Debtor with respect to analyzing claims, transfers of claims, and related issues and responded to creditor inquiries. FBD negotiated a settlement with Imagine and Lion Trust, which resulted in the satisfaction of scheduled claims for over 400 "downline" agents totaling nearly \$1.2 million, as well as any post-petition claims of the "downline" agents and any potential damages claims arising from the rejection of Lion Trust and Imagine's agreements with the Debtor. FBD also advised the Debtor regarding the setoff rights asserted by a utility company.
- e. Employee Benefit/Pensions [B006]. FBD represented the Debtor in communications with the Department of Labor regarding the Debtor's 401(k) plan. FBD advised the Debtor in analyzing the necessity, propriety, and relevant terms of a proposed key employee retention plan.
- f. Fee/Employment Applications [B007]. FBD assisted the Debtor with the preparation of employment applications and fee notices. FBD also assisted the Debtor with identification and retention of a noticing and claims agent per the Court's request.
- g. Financing [B009]. FBD represented the Debtor in negotiating and receiving court approval of the final order approving debtor-in-possession financing from Carmel Funding, which provided the necessary funding to facilitate the sale transaction and to pay administrative expense claims incurred in the ordinary course of business. FBD also advised the Debtor regarding the escrow of sale proceeds as adequate protection of a creditor's asserted first priority lien on the Debtor's cash collateral.

- h. Litigation [B010]. FBD assisted the Debtor with preparation of notices of bankruptcy filing and in attending to the dismissal of the Debtor from a putative class action involving the Debtor.
- i. Meetings of Creditors [B011]. FBD represented the Debtor by preparing for and participating in the § 341 meeting of creditors.
- j. Plan and Disclosure Statement [B012]. FBD provided expertise in analyzing and negotiating an exit strategy for the Debtor's Chapter 11 case. FBD also assisted the Debtor with obtaining extensions of the exclusive period to file a plan.
- k. Business Analysis [B015] / Data Analysis [B017]. FBD assisted the Debtor in analyzing potential rejection of certain contracts.

4. FBD has reviewed its detailed summary of time, and has attempted to eliminate double billing for conference time between FBD's timekeepers, except where the participation of the timekeepers has demonstrable benefit to the estate. The designation of "NC" or "\$0.00" after a description of services means that no time has been charged for those services. Where possible and efficient, FBD encourages the use of lesser billing rate attorneys to perform labor intensive tasks, with oversight and review by more experienced attorneys.

5. Exhibit A provides the detail of the time and hourly billing rate for each attorney, law clerk or paralegal of FBD who has performed services in this case. A summary of the fees requested by FBD for each such attorney, law clerk or paralegal and the number of hours worked for each individual, the billing rate requested and the total fees claimed is set forth below, segregated into separate matters for accounting and billing purposes:

Attorney/Paralegal Name	Hours	Rate	Total Fee
JJBrown	18.5	\$550.00	\$10,175.00
JJaffe	130.4	\$550.00	\$71,720.00
MTAlbaugh	0.4	\$370.00	\$148.00
WWPonader	67.3	\$435.00	\$29,275.50
KDBritton	112.3	\$225.00	\$25,267.50
JMDetmer	0.3	\$195.00	\$58.50
SBHerendeen	95.8	\$220.00	\$21,076.00
SMulligan	0.2	\$205.00	\$41.00

TOTALS 425.2 \$157,761.50

6. FBD has advanced the sum of \$10,098.51 for out-of-pocket expenses incurred in connection with this case on behalf of the Debtor during the period from September 14, 2012 through and including December 31, 2012. A summary of the out-of-pocket expenses incurred by FBD is set forth in Exhibit A.

7. Within the "Restructuring" matter, FBD established certain task codes that cause related time to be grouped together to facilitate the review of the firm's requested fees by the Court, the United States Trustee, and creditors. Set forth below is a summary of the aggregate billings under the established task codes for the period September 14, 2012 through and including December 31, 2012.

Task Description	Hours	Value
No task code assigned	0.2	\$41.00
Asset Analysis and Recovery [B001]	0.1	\$37.00
Asset Disposition [B002]	139.6	\$58,722.50
Business Operations [B003]	50.5	\$24,723.00
Case Administration [B004]	171.7	\$47,319.50
Claims Administration and Objections [B005]	27.7	\$12,812.50
Employee Benefit/Pensions [B006]	2.2	\$1,037.50
Fee/Employment Applications [B007]	8.8	\$3,369.50
Financing [B009]	12.1	\$5,181.00
Litigation [B010]	0.5	\$221.00
Meetings of Creditors [B011]	4.6	\$1,782.50
Plan and Disclosure Statement [B012]	4.8	\$1,275.00

Business Analysis [B015]	0.9	\$414.50
Data Analysis [B017]	1.5	\$825.00
TOTALS	425.2	\$157,761.50

8. As of the Petition Date, FBD holds a retainer (the "Retainer") in the amount of \$75,000.00. Pursuant to the Professional Billings Order, FBD has received \$126,209.20 in fees and \$10,098.51 in expenses, exclusive of the Retainer. This Application is the first application of FBD and no prior fees have been awarded to FBD as counsel for the Debtor in this case.

9. No agreement or understanding exists between FBD and any other person or entity for the sharing of compensation received for services rendered in connection with this case.

10. All services rendered and all expenses incurred for which compensation or reimbursement is sought have been rendered or incurred exclusively on behalf of the Debtor and represent necessary and proper legal assistance in the administration of this Chapter 11 case.

WHEREFORE, FBD requests that the Court (i) award compensation by allowing attorneys' fees in the amount of One Hundred Fifty-Seven Thousand Seven Hundred Sixty-One and 50/100 Dollars (\$157,761.50) plus order reimbursement for out-of-pocket expenses incurred in the amount of Ten Thousand Ninety-Eight and 51/100 Dollars (\$10,098.51), (ii) authorize the Debtor to pay the 20% of fees yet unpaid in the amount of Thirty-One Thousand Five Hundred Fifty-Two and 30/100 Dollars (\$31,552.30), and (iii) grant FBD all other just and proper relief.

Respectfully submitted,

FAEGRE BAKER DANIELS LLP

By: /s/ Jay Jaffe

Counsel for the Debtor and Debtor-in-Possession

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CERTIFICATE OF SERVICE

I hereby certify that on February 11, 2013, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

Kay Dee Baird on behalf of Creditor LA/Shadeland Station, Inc.
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I further certify that on February 11, 2013, a copy of the foregoing pleading will be mailed by first-class U.S. Mail, postage prepaid and properly addressed, to the following:

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