



The following constitutes the order of the Court.

*Hamlin DeWayne Hale*  
United States Bankruptcy Judge

Signed August 24, 2005

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

In re:

VARTEC TELECOM, INC, *et al.*,

*Debtors.*

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§

Case No. 04-81694-SAF  
Chapter 11  
(Jointly Administered)

**ORDER GRANTING CARRINGTON, COLEMAN, SLOMAN &  
BLUMENTHAL, L.L.P.'S SECOND INTERIM FEE APPLICATION  
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES  
AND REQUEST FOR THE TWENTY PERCENT HOLDBACK  
(Re: Docket No. 1640)**

On August 18 and 19, 2005, the Court considered the Second Interim Application of Carrington, Coleman, Sloman & Blumenthal, L.L.P. for Compensation and Reimbursement of Expenses and Request for the Twenty Percent Holdback. Based upon the Fee Application and the record made at the hearings, the Court finds that the fees and expenses requested by Carrington, Coleman, Sloman & Blumenthal, L.L.P. ("CCSB") are reasonable, actual, and necessary and that good cause exists for the payment of CCSB's fees and expenses as set forth in this Order. The Court further finds that notice of the Fee Application was proper and that no

other or further notice is necessary; that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

**THE COURT FURTHER FINDS** that:

A. During the time period of March 1, 2005 through June 20, 2005, (the “Application Period”) CCSB incurred total fees of \$938,240.93 and total expenses of \$54,700.49; and

B. Pursuant to the Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals (the “Fee Procedure Order”) CCSB was not previously allowed to receive 20% of the fees it billed per month. CCSB is hereby entitled to receive the monthly holdback that it has incurred in the amount of \$187,648.19; and

C. On May 13, 2005, the Court signed an order approving CCSB’s supplemental employment application (the “Contingency Fee Order”) allowing CCSB to act as the Committee’s special counsel in bringing claims against Rural Telephone Finance Cooperative (“RTFC”). Pursuant to the Contingency Fee Order, CCSB is employed on a contingency fee basis to bring the claims against RTFC. CCSB has complied with the Contingency Fee Order and has instituted a separate billing number (the “Contingent Matter”) to record time on this matter; and

D. Subject to Paragraph G below, CCSB is entitled to receive payment for June 2005 in the amount of \$203,061.30, representing \$187, 899.60 in fees and \$15,161.70 in expenses; and

E. CCSB has incurred fees and expenses related to the investigation of RTFC during the Application Period in the amount of \$136,357.13, which cannot currently be paid; and

F. CCSB has previously been paid, pursuant to the Fee Procedure Order, \$562,693.14 in fees and \$39,538.79 in expenses; and

G. CCSB has agreed to move \$9,322.00 in fees, for which CCSB originally sought payment in its Second Interim Fee Application, to the Contingent Matter.

H. A comprehensive analysis of Paragraphs A-G of this Order is attached as Exhibit A; therefore, it is hereby

**ORDERED**, that the Application is approved, and

**IT IS FURTHER ORDERED**, that the fees sought in the application are allowed; and

**IT IS FURTHER ORDERED**, that CCSB's previously paid fees and expenses during the Application Period are allowed; and

**IT IS FURTHER ORDERED**, that the \$136,357.13 of fees incurred in the investigation of RTFC during the Application Period is (in the same manner as the \$135,835.57 referenced in the First Interim Fee Application Order) approved for payment at a later date but cannot be paid at this time; and

**IT IS FURTHER ORDERED**, that CCSB is entitled to receive payment for the June 2005 fees and expenses; and

**IT IS FURTHER ORDERED**, that CCSB shall move \$9,322.00 originally sought in the Fee Application to the Contingent Matter; and

**IT IS FURTHER ORDERED**, that after giving effect to the foregoing paragraph, the Debtors are directed to promptly pay CCSB, \$381,387.49 (the net owed for fees and expenses after the provisions above).

**### END OF ORDER ###**

Submitted by:

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& BLUMENTHAL, L.L.P.**  
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**Exhibit A**

**Analysis of CCSB Fees and Expenses Approved for Immediate Payment & Amounts Approved But Subject to Holdback**

	<b>Gross Fees / Expenses</b>	
	<b>Fees</b>	<b>Expenses</b>
Mar-05	\$278,514.00	\$17,918.16
Apr-05	\$242,463.50	\$7,354.82
May-05	\$316,250.50	\$16,761.37
Jun-05	\$234,874.50	\$15,161.70
<b>Total</b>	<b>\$1,072,102.50</b>	<b>\$57,196.05</b>
<b>Fees and Expenses Paid During Application Period and Approved by Attached Order</b>	<b>-\$562,693.14</b>	<b>-\$39,538.79</b>
<b>Balance (See Below)</b>	<b>\$509,409.36</b>	<b>\$17,657.26</b>

<b>Summary of Balance of Fees / Expenses Incurred - Second Interim Fee Application Period (Detail Below)</b>		
		<b>\$527,066.62</b>
	<i>Amount Approved for Immediate Payment</i>	\$381,387.49
	<i>Amount Approved But Not Authorized for Immediate Payment</i>	\$136,357.13
	<i>Amount Moved to Contingent Matter</i>	\$9,322.00

**Additional Fees Approved and Authorized for Immediate Payment**

<i>20% Holdback During Application Period (Not Related to RTFC Investigation)</i>	<b>\$187,648.19</b>
<i>80% June Fees and 100% of June Expenses</i>	<b>\$203,061.30</b>
<b>Total Fees/Expenses and 20% Holdback Requested in Second Interim Fee Application</b>	<b>\$390,709.49</b>
<b>Amount Being Moved to Contingent Matter Per Fee Compromise with RTFC</b>	<b>-\$9,322.00</b>
<b>Total Approved for Immediate Payment</b>	<b>\$381,387.49</b>

**Amount Approved But Not Authorized for Immediate Payment**

<i>Amount Incurred During Second Interim Fee Application Period Related to RTFC Investigation</i>	<b>\$136,357.13</b>
<i>Amount Incurred During First Interim Fee Application Period Related to RTFC Investigation</i>	<b>\$178,939.63</b>
<i>Less Amount Previously Paid</i>	<b>-\$56,114.13</b>
<b>Cumulative Total of RTFC Investigation Fees Approved but not yet Authorized for Payment</b>	<b>\$259,182.63</b>

