

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re: CEP HOLDINGS, LLC, et al.,¹ <p style="text-align: center;">Debtors.</p>))))))))))	Case No. 06-51848 (Jointly Administered) Chapter 11 Judge Marilyn Shea-Stonum
--	--	--

**APPLICATION OF MCDONALD HOPKINS LLC² FOR FINAL ALLOWANCE
OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD
OCTOBER 16, 2006 THROUGH FEBRUARY 28, 2007**

Name of Applicant:	McDonald Hopkins LLC
Authorized to Provide Professional Services to:	The above-captioned debtors and debtors in possession
Date of Retention:	October 16, 2006 <i>Nunc Pro Tunc</i>
Period for which compensation and reimbursement is sought:	October 16, 2006 through February 28, 2007
Amount of Compensation sought as actual, reasonable and necessary:	\$31,690.00
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	\$24.34

This is a: ___ interim X final application.

McDonald Hopkins LLC expended 7.80 hours and incurred \$1,210.00 for fee application preparation during the Compensation Period (as defined below).

¹ The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Theroplastics Acquisition, LLC.

² Formerly, McDonald Hopkins Co., LPA
{1114819;}

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:)	Case No. 06-51848
)	(Jointly Administered)
CEP HOLDINGS, LLC, et al.,¹)	
)	
Debtors.)	Chapter 11
)	
)	Judge Marilyn Shea-Stonum
)	

**APPLICATION OF MCDONALD HOPKINS LLC² FOR FINAL ALLOWANCE
OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD
OCTOBER 16, 2006 THROUGH FEBRUARY 28, 2007**

McDonald Hopkins LLC (“McDonald Hopkins”), special counsel to the above-captioned debtors and debtors in possession (collectively, the “Debtors”), hereby applies to the Court for allowance of compensation for services rendered and expenses incurred for the period October 16, 2006, through February 28, 2007 (the “Compensation Period”). This Application is made pursuant to sections 330 and 331 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and L.B.R. 2016-1.

In support of this Application, McDonald Hopkins respectfully represents as follows:

BACKGROUND

A. Debtors’ Cases.

1. On September 20, 2006 (the “Petition Date”), the Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a)

¹ The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Theraplastics Acquisition, LLC.

² Formerly, McDonald Hopkins Co., LPA

and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases. On the Petition Date, the Court entered an order jointly administering these cases pursuant to Bankruptcy Rule 1015(b). On September 28, 2006, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors.

B. Jurisdiction.

2. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Application is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

3. Venue of the Debtors' cases and this Application in the Northern District of Ohio is proper under 28 U.S.C. §§ 1408 and 1409.

C. Retention of McDonald Hopkins.

4. By Application dated October 30, 2006, Docket No. 195, the Debtors requested authority to employ and retain McDonald Hopkins as their special counsel *nunc pro tunc* to October 16, 2006, pursuant to sections 327(e) and 328(a) of the Bankruptcy Code and Rules 2014, 2016 and 5002 of the Bankruptcy Rules, for the purpose of rendering legal services to the Debtors as requested when conflicts arise which prevent their lead counsel, Baker & Hostetler, from such representation. On November 28, 2006, the Court entered an order authorizing the Debtors to retain and employ McDonald Hopkins as special counsel for the Debtors *nunc pro tunc* to October 16, 2007, Docket No. 264, a copy of which is attached hereto as Exhibit A.

5. Pursuant to the procedures set forth in the Order Pursuant to Bankruptcy Code Sections 105(a) and 331 and Federal Rule of Bankruptcy Procedures 2014(a) Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals and Committee Members, Docket No. 130, entered October 13, 2006 (the "Compensation Order"), professionals may request monthly compensation for fees and reimbursement of expenses (the

“Monthly Statement”), and interested parties may object to such requests. If no interested party objects to a professional’s Monthly Statement within 35 days following the end of the month for which compensation is sought, the Debtors are authorized to pay such professional 80% of the fees and 100% of the expenses requested in the Monthly Statement. If an objection is timely filed, the Compensation Order allows the Debtors to pay 80% of the fees and 100% of the expenses not subject to the objection.

D. Fees and Expenses Incurred and Payments Made.

6. Consistent with the Compensation Order, McDonald Hopkins has billed the Debtors the total amount of \$32,310.00 for fees and \$24.34 for expenses, and it has received payment in the amount of \$21,900.00 for fees and \$5.94 for expenses during the Compensation Period as follows:

Period	Date of Invoice	Incurred Amounts		Amounts Paid	
		Fees	Expenses	Fees	Expenses
10/16/06-10/31/06	11/29/2006	\$25,166.50	\$0.00	\$20,133.20	\$0.00
11/01/06-11/30/06	12/18/2006	2,799.50	18.40	0.00	0.00
12/01/06-12/31/2006	1/15/2007	2,209.00	5.94	1,767.20	5.94
01/01/07-01/31/07	2/20/2007	502.00	0.00	0.00	0.00
02/01/07-02/28/07	02/28/2007	1,633.00	0.00	0.00	0.00
TOTALS		\$32,310.00	\$24.34	\$21,900.40	\$5.94

These payments have been applied to McDonald Hopkins’ fees and expenses in accordance with the Compensation Order.

7. Prior to filing their petitions, the Debtors did not pay McDonald Hopkins a retainer. McDonald Hopkins has not shared any compensation with any other entity and no agreement to share compensation exists between McDonald Hopkins and any other entity.

8. All services for which McDonald Hopkins requests compensation were performed for or on behalf of the Debtors.

COMPENSATION SOUGHT AND REIMBURSEMENT OF EXPENSES REQUESTED

9. In accordance with sections 330(a) and 331 of the Bankruptcy Code and Rule 2016 of the Bankruptcy Rules, and the Local Rules, as well as the Guidelines for Compensation and Expense Reimbursement of Professionals, General Order No. 93-1, entered on July 28, 1993 (the “Judges’ Guidelines”), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses, issued on January 30, 1996 (the “Trustees’ Guidelines” and, together with the Judges’ Guidelines, the “Guidelines”), McDonald Hopkins makes this Application for a final allowance of compensation for professional services rendered by McDonald Hopkins in the total amount of \$31,690.00 and to authorize the reimbursement of the actual and necessary expenses incurred by McDonald Hopkins in the total amount of \$24.34.³

10. If the Court grants the relief requested in this Application, the blended hourly billing rate for all McDonald Hopkins’ professionals rendering services to the Debtors during the Compensation Period would be approximately \$344.

11. During the Compensation Period, McDonald Hopkins provided a total of 91.90 hours of services to the Debtors. A summary schedule of the hours devoted by each McDonald Hopkins professional, the hourly rate of each professional and the total dollar amount charged is attached hereto as Exhibit B.

12. Each professional providing services to the Debtors maintains daily time entries, which are prepared contemporaneously with the rendition of services to the Debtors. These time records set forth the dates on which services were rendered, a summary description of such services and the time spent each day delivering such services. A schedule of such services is attached to this Application as Exhibit C.

³ These figures are lower than the sum of fees and expenses for the Monthly Statements, due to write-offs and adjustments made between the dates of the Monthly Statements and the date of this Application. See paragraph 24 below for a discussion of these write-offs and adjustments.

13. In addition, in accordance with the Guidelines, McDonald Hopkins has itemized its services by project area. The itemization of services provided, by project area, is attached hereto as Exhibit D.

A. Services Rendered During the Compensation Period

14. Set forth below is a summary description of McDonald Hopkins' principal activities during the Compensation Period:

(a) Ford Motor -- Motion for Relief – 63.50 Hours; \$24,308.50 Fees

15. McDonald Hopkins assisted the Debtors in the defense and ultimate settlement of the relief from stay motion filed by Ford Motor ("Ford"). McDonald Hopkins activities included extended negotiations with Ford's counsel resulting in an agreed stipulation and escrow agreement between the parties.

(b) General Case Administration – 3.50 Hours; \$1,207.00 Fees

16. McDonald Hopkins' case management services included preparing updates on critical dates in accordance with the Court's docket calendars (e.g., hearing dates and response deadlines); reviewing court docket updates; docketing pleadings and other documents in the Debtors' cases; and maintaining service lists for service of pleadings.

(c) Preparation of Retention and Fee Applications – 23.30 Hours; \$5,514.50 Fees

17. McDonald Hopkins prepared its final fee request. The Trustees' Guidelines require specific, detailed information that is not normally included in the standard monthly invoices of McDonald Hopkins (e.g., verifying that all professionals' time entries are in compliance with the Trustees' Guidelines; preparing and balancing summaries detailing

professionals' hours, categories, and time detail). Accordingly, substantial additional preparation time and effort is necessary to comply with the Trustees' Guidelines. In addition, McDonald Hopkins also prepared its retention application and monthly statements in accordance with the Compensation Order.

(d) Travel – 1.70 Hours; \$680.00 Fees

18. McDonald Hopkins incurred 1.70 hours traveling to and from a hearing. Pursuant to the Guidelines, time and fees incurred for such travel were reduced to 50% of the amounts incurred to .85 hour and \$340.00 for fees as set forth on Exhibit C attached hereto.

B. Actual and Necessary Expenses, Disbursement and Support Charges Incurred

19. McDonald Hopkins seeks reimbursement for actual expenses ("Expenses") incurred in the rendition of services during the Compensation Period in the sum of \$24.34, as set forth on Exhibit E attached hereto. McDonald Hopkins submits that such Expenses were reasonable and necessary in light of the services provided.

20. McDonald Hopkins utilized the following procedures with respect to the Expenses incurred in rendering services during the Compensation Period:

- a) No amortization of the cost of any investment, equipment or capital outlay is included in the Expenses, and McDonald Hopkins does not make a profit on any Expense. In addition, for those items or services that McDonald Hopkins justifiably purchased or contracted for from a third party, McDonald Hopkins seeks reimbursement only for the exact amount billed to McDonald Hopkins by the third party vendor and paid by McDonald Hopkins to the third party vendor.
- b) McDonald Hopkins used overnight delivery and third party messenger services only as necessary.
- c) Computer assisted legal research was used only when time pressures rendered it impracticable to conduct such research manually or where the attorney performing such research determined that computer assisted legal research would be more cost efficient than manual research.

RELEVANT STANDARD

A. Compensation.

21. To grant a request for compensation pursuant to section 330 of the Bankruptcy Code, a court must find that such request is reasonable. The reasonableness of a compensation request is determined by the lodestar method:

The Supreme Court has made it clear that the lodestar method of fee calculation is the method by which federal courts should determine reasonable attorney's fees under federal statutes that provide for such fees.

Boddy v. United States Bankruptcy Court (In re Boddy), 950 F.2d 334, 337 (6th Cir. 1991); see also In re White Motor Credit Corp., 50 B.R. 885, 890 (Bankr. N.D. Ohio 1985). The lodestar amount is calculated by multiplying the number of hours reasonably expended by the reasonable hourly rate of a professional. White Motor, 50 B.R. at 890. There is a strong presumption that the lodestar product is reasonable under section 330 of the Bankruptcy Code. See Pennsylvania v. Delaware Valley Citizens' Council for Clean Air, 478 U.S. 546, 565 (1986); In re Drexel Burnham Lambert Group, Inc., 133 B.R. 13, 22 (Bankr. S.D.N.Y. 1991).

22. McDonald Hopkins' fees are not unusual and are commensurate with fees that other lawyers of comparable experience and expertise charge on a regular basis in chapter 11 cases. McDonald Hopkins' lodestar calculation is based upon hourly rates that are well within the range of rates that are charged by comparable firms in other bankruptcy cases. Accordingly, McDonald Hopkins' lodestar calculation is reasonable under section 330 of the Bankruptcy Code. See Drexel Burnham Lambert, 33 B.R. at 22.

B. Expenses.

23. Sections 330(a)(2) and 503(b)(4) of the Bankruptcy Code permit reimbursement for actual, necessary expenses. See White Motor, 50 B.R. at 891-92. As noted above, McDonald Hopkins has already conducted a review process and has eliminated the Expenses that

it deemed “duplicative.” Accordingly, those Expenses for which reimbursement is sought in this Application satisfy the standards presented by section 330(a)(2) of the Bankruptcy Code and the Guidelines.

ADJUSTMENTS

24. McDonald Hopkins reduced its fee request by \$620. This reduction is a result of (a) reductions for non-chargeable travel time or other time and expenses written-off in accordance with the Guidelines; and (b) a review of the services provided and fees incurred and a determination that certain of the services and fees were duplicative and/or were not beneficial to the Debtors.

CONCLUSION

25. For all of the foregoing reasons, McDonald Hopkins believes that the fees requested in this Application are reasonable and reflect the value of the services provided to the Debtors’ estates. Moreover, McDonald Hopkins has requested reimbursement only of actual and necessary expenses. In accordance with the Guidelines, Jean R. Robertson has certified that McDonald Hopkins’ billing practices for the Debtors and this Application conforms with the Guidelines. Such certification is attached to this Application as Exhibit F.

WHEREFORE, McDonald Hopkins respectfully requests that the Court enter an order (a) granting McDonald Hopkins a final allowance of compensation in the amount of \$31,690.00 for services rendered to the Debtors in connection with the Debtors’ chapter 11 cases during the Compensation Period; (b) approving the reimbursement of expenses incurred during the Compensation Period in the amount of \$24.34; (c) authorizing the Debtors to pay McDonald Hopkins the fees and reimbursable expenses authorized by the Court attributable to the Compensation Period, net of payments already made by the Debtors, but without any further holdback; (d) authorizing McDonald Hopkins to supplement this Application if any additional

fees and expenses are incurred after February 28, 2007, for responding to any objection to, or hearing on this Application; and (d) granting such other and further relief as the Court may deem proper.

February 23, 2007

Respectfully submitted,

/s/ Jean R. Robertson

Jean R. Robertson (#0069252)
MCDONALD HOPKINS LLC
600 Superior Avenue, E., Suite 2100
Cleveland, OH 44114-2653
Telephone: (216) 348-5400
Facsimile No.: (216) 348-5474 (Fax)
jrobertson@mcdonaldhopkins.com

SPECIAL COUNSEL FOR
DEBTORS AND DEBTORS IN
POSSESSION