

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 11
)	
)	
CORUS BANKSHARES, INC. ¹)	Case No. 10-26881 (PSH)
)	
Debtor.)	
)	Hearing Date: June 16, 2010, 10:30 a.m., C.T.

**NOTICE OF APPLICATION FOR ENTRY OF AN ORDER
AUTHORIZING THE DEBTOR TO EMPLOY AND RETAIN
BMC GROUP, INC. AS NOTICE, CLAIMS AND BALLOTING AGENT**

PLEASE TAKE NOTICE that on June 16, 2010 at 10:30 a.m., C.T. or as soon thereafter as counsel may be heard, we shall appear before the Honorable Pamela S. Hollis in Courtroom 644 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois, or before any other judge who may be sitting in his/her place and stead, and present the attached **Application of the Debtor for Entry of an Order Authorizing the Debtor to Employ and Retain BMC Group, Inc. as Notice, Claims and Balloting Agent** at which time and place you may appear if you so desire.

PLEASE TAKE FURTHER NOTICE that any objection must be filed with the Court by June 16, 2010 at 10:30 a.m., C.T. and served by such time on: (a) counsel to the Debtors; (b) the Office of the United States Trustee for the Northern District of Illinois, 219 South Dearborn Street, Suite 873, Chicago, Illinois 60604, Attn: Richard C. Friedman; (c) counsel to any statutory committee appointed in this chapter 11 case; (d) the entities listed on the Consolidated List of Creditors Holding the 20 Largest Unsecured Claims; (e) counsel to the indenture trustee for each of the Debtor's subordinated debentures; (f) the Securities and Exchange Commission; (g) the Internal Revenue Service; (h) the Federal Deposit Insurance Corporation; (i) the United States Attorney for the Northern District of Illinois; (j) the Civil Process Clerk, United States Attorney's Office for the Northern District of Illinois; and (k) the Attorney General of the United States, Washington, D.C.

¹ The Debtor in this chapter 11 case, along with the last four digits of the Debtor's federal tax identification number, is: Corus Bankshares, Inc. (3592). The location of the Debtor's corporate headquarters and the service address for the Debtor is: 10 S. Riverside Plaza, Suite 1800, Chicago, IL 60606.

Dated: June 15, 2010

Respectfully Submitted,

/s/ David R. Seligman

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Proposed Counsel to the Debtor and Debtor in Possession

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
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CORUS BANKSHARES, INC. ¹)	Case No. 10-26881 (PSH)
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**APPLICATION FOR ENTRY OF AN ORDER
AUTHORIZING THE DEBTOR TO EMPLOY AND RETAIN
BMC GROUP, INC. AS NOTICE, CLAIMS AND BALLOTING AGENT**

The above-captioned debtor and debtor in possession (the “Debtor”), files this application (the “Application”) for entry of an order, substantially in the form attached hereto as Exhibit A (the “Order”), authorizing the Debtor’s employment and retention of BMC Group, Inc. (“BMC”) as notice, claims and balloting agent in connection with the Debtor’s chapter 11 case. In support of this Application, the Debtor submits the Declaration of Tinamarie Feil, President of BMC (the “Feil Declaration”), which is attached hereto as Exhibit B. In support of this Application, the Debtor respectfully states as follows:

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

¹ The Debtor in this chapter 11 case, along with the last four digits of the Debtor’s federal tax identification number, is: Corus Bankshares, Inc. (3592). The location of the Debtor’s corporate headquarters and the service address for the Debtor is: 10 S. Riverside Plaza, Suite 1800, Chicago, IL 60606.

3. The statutory bases for the relief requested herein are §§ 156(c) and 1107(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rule 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 1007-2 of the Local Rules for the United States Bankruptcy Court for the Northern District of Illinois (the “Local Bankruptcy Rules”).

Background

4. On the date hereof (the “Petition Date”), the Debtor filed a voluntary petition with this Court under chapter 11 of the Bankruptcy Code. The Debtor is operating its business and managing its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this chapter 11 case, and no committees have been appointed or designated.

5. Contemporaneously with filing the voluntary petition and this Application, the Debtor filed the *Declaration of Randy P. Curtis in Support of First Day Pleadings* (the “Curtis Declaration”), which provides a detailed description of the Debtor’s business, its reasons for filing this chapter 11 case, and the relief the Debtor is seeking to ensure a smooth transition into chapter 11.

Basis for Relief

6. As described in the Curtis Declaration, the Debtor has approximately 550 potential creditors and holders of equity interests. Although the office of the Clerk of the United States Bankruptcy Court for the Northern District of Illinois (the “Clerk’s Office”) ordinarily would serve notices on the Debtor’s creditors and other parties in interest and administer claims against the Debtor, the Clerk’s Office may not have the resources to undertake such tasks, especially in light of the number of the Debtor’s creditors and interest holders and the tight timelines that frequently arise in a chapter 11 case. Additionally, as the Debtor has only five

employees, the Debtor is reliant upon BMC to assist in the preparation of the Debtor's schedules and statements of financial affairs.

7. Finally, and as described in the Curtis Declaration, the Debtor's prepetition capital structure included: (a) common stock; and (b) trust originated preferred shares ("TOPrS"). In order to facilitate plan solicitation and, ideally, the negotiation of a consensual resolution to the Debtor's chapter 11 case, the Debtor will need to identify the beneficial holders of the TOPrS. The TOPrS structure is highly complex and involves thirteen separate issuances held by multiple managed and unmanaged collateralized debt obligation vehicles ("CDOs"). BMC is essential to the Debtor's ability to identify the beneficial holders and to facilitate both the solicitation process and ongoing conversation among the Debtor, the TOPrS indenture trustees, and the managers of the various CDOs.

8. Accordingly, the Debtor proposes to engage BMC to act as the Debtor's notice, claims, and balloting agent, and the Debtor respectfully submits that this retention is the most effective and efficient manner of noticing the creditors, equity interest holders and parties in interest of the filing of the Debtor's chapter 11 case and other developments in the chapter 11 case. In that capacity, BMC will transmit, receive, docket, and maintain proofs of claim filed in connection with this case and solicit ballots in favor of the Debtor's chapter 11 plan. The Debtor respectfully requests that BMC be appointed as agent for the Clerk's Office and, as such, be designated as the authorized repository for all proofs of claim filed in this chapter 11 case and be authorized and directed to maintain official claims registers for the Debtor and to provide the Clerk's Office with a certified duplicate thereof.

A. BMC's Qualifications

9. As a specialist in legal administration services, BMC provides comprehensive solutions to design legal notice programs and manage claims issues for chapter 11 cases. With

respect to chapter 11 case management, BMC specializes in noticing, claims processing, balloting, and other administrative tasks necessary to operate chapter 11 cases effectively. Indeed, BMC has provided or currently provides services substantially similar to those proposed by this Application in other chapter 11 cases in a variety of jurisdictions, including this District. See, e.g., In re Rockford Prods. Corp., No. 07-71768 (Bankr. N.D. Ill. Jul. 26, 2007) [Docket No. 26]; In re Glazed Investments, LLC, No. 06-00932 (Bankr. N.D. Ill. Feb. 7, 2006) [Docket No. 36]; In re Wickes, Inc., No. 04-02221 (Bankr. N.D. Ill. Feb. 13, 2004) [Docket No. 111]; In re Conseco Fin. Corp., No. 02-49675 (Bankr. N.D. Ill. Dec. 18, 2002) [Docket No. 437]; In re Conseco, Inc., No. 02-49672 (Bankr. N.D. Ill. Jan. 14, 2002) [Docket No. 437]; In re Kmart, No. 02-02474 (Bankr. N.D. Ill. Jan. 25, 2002) [Docket No. 127] (As successor to Trumbull Services, LLC); see also In re RC Sooner Holdings, LLC, No. 10-10528 (Bankr. D. Del. Feb. 24, 2010) [Docket No. 21]; In re NV Broad., LLC, No. 09-12473 (Bankr. D. Del. July 15, 2009) [Docket No. 46]; In re J.L. French Auto. Castings, Inc., No. 09-12445 (Bankr. D. Del. July 14, 2009) [Docket No. 67].

B. Services to be Provided

10. Subject to further order of the Court and consistent with that certain retention agreement dated October 28, 2009 (the “BMC Agreement”), a copy of which is annexed as Annex 1 to Exhibit B attached hereto, the Debtor requests the employment and retention of BMC to provide noticing, claims processing, and balloting services. At the Debtor’s request, BMC will provide, among other things, the following administrative services to the Debtor:

- a. Consultation Services
 - i. Preparation of service lists;
 - ii. Preparation of claims registers and claims reports;
 - iii. Claims reconciliation;

- iv. Preparation of exhibits for claims objections;
- v. Custom data extraction and forensics;
- vi. Assistance in preparation of statements of financial affairs and schedules;
- vii. Preparation of ballot tabulations/disbursement reports;
- viii. Contract and lease collection and analysis;
- ix. Assistance in preparation of exhibits to the Debtor's plan and disclosure statement;
- x. Preparation of custom reports;
- xi. Provision of computer software support; and
- xii. Other services as requested by the Debtor.

b. Document Management

- i. Copy and notice services consistent with the applicable Local Bankruptcy Rules and as requested by the Debtor.

11. Moreover, the Debtor requests that the Court appoint BMC as agent for the Clerk's Office and, as such, (a) designate BMC as the authorized repository for all proofs of claim filed in this chapter 11 case, and (b) authorize and direct BMC to maintain official claims registers for the Debtor and provide the Clerk's Office with a certified duplicate thereof as the Clerk's Office may direct.

C. Compensation

12. The fees BMC will charge in connection with its services to the Debtor are set forth in the BMC Agreement. The Debtor respectfully submits that BMC's rates for notice, claims processing, and balloting services are competitive and comparable to the rates BMC's competitors charge for similar services. The compensation proposed in the BMC Agreement is as follows:

- a. Corus Bankshares, Inc. paid to BMC a retainer of \$8,500 on or around October 28, 2009 and was paid an additional \$10,403.50 on or about June 4, 2010.
- b. BMC's consulting service hourly rates per person are:

Clerical	\$25 - \$65 per hour
Analyst	\$80 - \$110 per hour
Technology/Programming Consultant	\$110 - \$145 per hour
Consultant	\$110 - \$145 per hour
Senior Consultant/Senior Management Consultant	\$175 - \$250 per hour
Principal/Director	\$250 - \$275 per hour
- c. BMC will also seek reimbursement from the Debtor for reasonable expenses in accordance with the terms of the BMC Agreement.

D. Indemnification of BMC

13. As part of the overall compensation payable to BMC under the terms of the BMC Agreement, the Debtor has agreed to certain indemnification obligations. The BMC Agreement provides that the Debtor will indemnify and hold harmless BMC, its officers, employees and agents under certain circumstances specified in the BMC Agreement; however, such indemnification will not extend to breaches of confidentiality, acts of gross negligence or willful misconduct by BMC. Both the Debtor and BMC believe that such provisions are customary and reasonable for notice, claims and balloting agents retained in a chapter 11 case.

E. BMC's Disinterestedness

14. The Debtor does not propose to retain BMC under section 327 of the Bankruptcy Code. Nonetheless, to the best of BMC's knowledge, and as disclosed in the Feil Declaration, BMC (a) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy

Code, except that BMC was employed by the Debtor prior to the Petition Date as allowed by section 1107(b) of the Bankruptcy Code, and (b) does not hold or represent an interest adverse to the Debtor's estates. The Debtor does not owe BMC any amount for services performed or expenses incurred prior to the Petition Date.

15. BMC will conduct an ongoing review of its files to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new facts or relationships are discovered, BMC will supplement its disclosure to the Court.

16. In connection with its retention as the Debtor's notice, claims, and balloting agent, BMC represents, among other things, that:

- a. BMC will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the notice, claims, and balloting agent in this chapter 11 case;
- b. By accepting employment in this chapter 11 case, BMC waives any rights to receive compensation from the United States government;
- c. In its capacity as the notice, claims, and balloting agent in this chapter 11 case, BMC will not be an agent of the United States and will not act on behalf of the United States; and
- d. BMC will not employ any past or present employees of the Debtor in connection with its work as the notice, claims, and balloting agent in this chapter 11 case.

17. BMC also has agreed to work with the Clerk's Office to finalize the creditor matrix in the event of a subsequent conversion of this chapter 11 case to a case under chapter 7 of the Bankruptcy Code.

Relief Requested

18. By this Application, the Debtor seeks entry of an order pursuant to 28 U.S.C. § 156(c), (a) authorizing the employment and retention of BMC effective as of the Petition Date

as the notice, claims, and balloting agent in accordance with the terms and conditions set forth in the BMC Agreement, and (b) providing that the fees and expenses incurred by BMC are administrative in nature and, therefore, are not subject to the standard fee application procedures of professionals in this chapter 11 case.

Basis for Relief Requested

19. Section 156(c) of title 28 of the United States Code, which governs the staffing and expenses of a bankruptcy court, authorizes the Court to use “facilities” or “services” other than the Clerk’s Office for administration of bankruptcy cases. That section states:

Any court may utilize facilities or services, either on or off the court’s premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28 U.S.C. § 156(c). In addition, Local Rule 1007-2 requires a debtor with more than 500 creditors to employ an entity to assist the Clerk’s Office with claims processing. The Debtor currently estimates that it has in excess of 500 creditors.

20. Numerous courts in this jurisdiction have recognized the efficacy of appointing a notice, claims, and balloting agent as proposed herein See, e.g., In re Hartmarx Corp., No. 09-02046 (Bankr. N.D. Ill Jan. 26, 2009) [Docket No. 34]; In re Kimball Hill, Inc., No. 08-10095 (Bankr. N.D. Ill May 29, 2008) [Docket No. 79]; In re Neumann Homes, Inc., No. 07-20412 (Bankr. N.D. Ill. Nov. 28, 2007) [Docket No. 200]; In re Select Snacks, Inc., No. 07-18769 (Bankr. N.D. Ill. Oct. 18, 2007) [Docket No. 66]; In re Rockford Prods. Corp., No. 07-71768 (Bankr. N.D. Ill. Jul. 26, 2007) [Docket No. 26]; In re Glazed Investments, LLC, No. 06-00932 (Bankr. N.D. Ill. Feb. 7, 2006) [Docket No. 36].

21. Furthermore, the Debtor respectfully submits that the fees and expenses that would be incurred by BMC under the proposed engagement would be administrative in nature and, therefore, should not be subject to standard fee application procedures of professionals. Courts in this jurisdiction have approved similar relief in other chapter 11 cases. See, e.g., In re Hartmarx Corp., No. 09-02046 (Bankr. N.D. Ill Jan. 26, 2009) [Docket No. 34]; In re Kimball Hill, Inc., No. 08-10095 (Bankr. N.D. Ill May 29, 2008) [Docket No. 79]; In re Neumann Homes, Inc., No. 07-20412 (Bankr. N.D. Ill. Nov. 28, 2007) [Docket No. 200]; In re Select Snacks, Inc., No. 07-18769 (Bankr. N.D. Ill. Oct. 18, 2007) [Docket No. 66]; In re Rockford Prods. Corp., No. 07-71768 (Bankr. N.D. Ill. Jul. 26, 2007) [Docket No. 26]; In re Glazed Investments, LLC, No. 06-00932 (Bankr. N.D. Ill. Feb. 7, 2006) [Docket No. 36].

22. For the foregoing reasons, the Debtor respectfully requests authorization (a) to employ and retain BMC as its notice, claims, and balloting agent, and (b) without the need for any further order of this Court, to compensate BMC for its services in accordance with the terms of the BMC Agreement, upon submission of monthly invoices summarizing in reasonable detail the services and expenses for which BMC seeks compensation.

Notice

23. The Debtor has provided notice of this Application to: (a) the Office of the United States Trustee for the Northern District of Illinois; (b) the entities listed on the Consolidated List of Creditors Holding the 20 Largest Unsecured Claims; (c) counsel to the indenture trustee for each of the Debtor's subordinated debentures; (d) the Securities and Exchange Commission; (e) the Internal Revenue Service; (f) the Federal Deposit Insurance Corporation; (g) the United States Attorney for the Northern District of Illinois; (h) the Civil Process Clerk, United States Attorney's Office for the Northern District of Illinois; and (i) the

Attorney General of the United States, Washington, D.C. In light of the nature of the relief requested, the Debtor respectfully submits that no further notice is necessary.

No Prior Request

24. No prior request for the relief sought in this Application has been made to this or any other court.

WHEREFORE, for the reasons set forth herein and in the Curtis Declaration, the Debtor respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit A, (a) granting the relief requested herein and (b) granting such other and further relief as the Court deems appropriate.

Dated: June 15, 2010

KIRKLAND & ELLIS LLP

/s/ David R. Seligman

James H.M. Sprayregen, P.C. (IL Bar No. 6190206)

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