

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

| | | |
|---|---|--------------------------------|
| In Re: |) | Chapter 11 |
| |) | |
| SEA CONTAINERS LTD. <u>et al.</u>, |) | Case No. 06-11156 (KJC) |
| |) | |
| Debtors. |) | Jointly Administered |

**FEE AUDITOR’S FINAL REPORT REGARDING
INTERIM FEE APPLICATION OF APPLEBY
FOR THE EIGHTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Appleby for the Eighth Interim Period (the “Application”).

BACKGROUND

1. Appleby was retained as Special Bermuda Counsel to the debtors and debtors in possession. In the Application, Appleby seeks approval of fees totaling \$203,192.99¹ and costs totaling \$1,559.86², for its services from June 1, 2008 through August 31, 2008³ (the “Application Period”).

¹Appleby’s June, 2008 invoice includes the fee request of Appleby Services Bermuda (“ASB”) in the amount of \$10,853.33 in fees and \$3.47 in expenses. Appleby’s July, 2008 invoice includes the fee request of ASB in the amount of \$10,853.33 in fees and \$48.30 in expenses. Appleby’s August, 2008 invoice includes the fee request of ASB in the amount of \$10,853.33 in fees and \$266.09 in expenses. ASB is designated as an ordinary course professional in this matter.

²See FN 1 *supra*.

³The Eighth Interim Period is July 1, 2008 through September 30, 2008. For unexplained reasons, Appleby’s Application covers the time frame of June 1, 2008 through August 31, 2008. Thus, for purposes of this report, the fees and expenses for this time frame will be reviewed.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2009, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996 (the “Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Appleby an initial report based on our review, and received a response from Appleby, portions of which response are quoted herein.

DISCUSSION

3. We noted that while itemized expense detail is set forth for ASB for each month, it was not included for Appleby for the months of June, July or August, 2008. We asked Appleby to please provide the required itemized expense detail for Appleby for the months of June, July and August, 2008. Appleby complied with our request and we have attached its monthly expense detail for the months of June, July and August, 2008, as Response Exhibits 1, 2 and 3. Upon review of Appleby’s expense detail, we noted the following charge which was insufficient in detail:

| | | | |
|---------------|----------|-----------------------|----------|
| Rawlins, Ruby | 24/08/08 | Permit to Incorporate | \$261.00 |
|---------------|----------|-----------------------|----------|

We asked Appleby for further explanation regarding this charge and it responded:

The sum of \$261.00 represents the fee to incorporate SeaCo. Finance Ltd.

We appreciate Appleby’s response and thus have no objections to this expense or to Appleby’s expenses for the months of June, July and August, 2008.

CONCLUSION

4. Thus we recommend approval of fees totaling \$203,192.99 and expenses in the amount of \$1,559.86 for Appleby's services from June 1, 2008 through August 31, 2008.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served via First-Class United States mail to the attached service list on this 20th day of February, 2009.



Warren H. Smith

SERVICE LIST

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[RESPONSE EXHIBITS 1, 2 AND 3 ATTACHED]