

**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
YOUNG CONAWAY STARGATT & TAYLOR, LLP
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 Young Conaway Stargatt & Taylor, LLP for the Eighth Interim Period (the “Application”).

BACKGROUND

1. Young Conaway Stargatt & Taylor, LLP, (“Young Conaway”) was retained as counsel to the debtors and debtors in possession. In the Application, Young Conaway seeks approval of fees totaling \$90,535.00 and costs totaling \$37,432.83 for its services from July 1, 2008 through September 30, 2008 (the “Application Period”).

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 Young Conaway an initial report based on our review, and received a response from Young Conaway, portions of which response are quoted herein.

DISCUSSION

3. We noted that in the following time entries, the sub-parts do not equal the amount of time that was billed to the estate, causing an over-billing of 0.40 hours and \$122.00 in fees:

8/25/08	Review Caiafa claim objection (.1); work with A. Joseck re: filing/service (.1)	SGREE	0.30
9/30/08	Calls/emails with S. Seewer re: non-debtor subsidiary disposition declaration (.3)	SGREE	0.60

We asked Young Conaway to provide further explanation regarding these time entries and it responded as follows:

With respect to the time entries listed in paragraph 3 of the Initial Report, YCST agrees to a reduction in fees of \$122.00.

We appreciate Young Conaway’s response and thus, recommend a reduction of \$122.00 in fees.

4. We noted the following photocopy and courier charges which, without further explanation, appear excessive:

08/25/08	2668959	AJOSE Photocopy Charges	\$1,033.30
8/25/08	2668961	AJOSE Photocopy Charges	\$590.00
8/25/08	2668962	AJOSE Photocopy Charges	\$844.00
09/17/08	2690814	AJOSE Photocopy Charges	\$1,772.40
09/17/08	2690815	AJOSE Photocopy Charges	\$1,826.00
09/17/08	2716611	AJOSE Delivery /Courier VENDOR NAME: Parcels, Inc. - D.D.R.	\$1,338.40

09/18/08	2692704	CCATH Photocopy Charges	\$933.60
09/29/08	2702361	AJOSE Photocopy Charges	\$512.00

The U.S. Trustee Guidelines, Paragraph I.E., states “. . . [i]n evaluating fees for professional services, it is relevant to consider . . . [w]hether the expense is reasonable and economical.” We asked Young Conaway to provide further explanation regarding each of these expenses and it responded as follows:

08/25/08 AJOSE Photocopy Charges in the amounts of \$1,033.30; \$590.00, and \$844.00: These charges relate to the copying of the Debtors' objection to proof of claim number 116 [Docket No. 2087], which was 249 pages in length, plus four additional certifications and notices [Docket Nos. 2092, 2095, 2096, and the notice related to Docket No. 2097], which were 32 pages in length. These documents were served on all parties on the Rule 2002 service list (59 parties). In addition, the charges relate to the copying of Kirkland & Ellis LLP's 21st monthly fee application, which was 281 pages. This fee application was served on the core service group (13 parties).

09/17/08 AJOSE Photocopy Charges in the amounts of \$1,772.40 and \$1,826.00; 09/17/08 AJOSE Delivery /Courier in the amount of \$1,338.40: These charges relate to the copying of the Debtors' First Amended Joint Plan [Docket No. 2068], Disclosure Statement for the Debtors' First Amended Joint Plan [Docket No. 2069], and Blacklined versions of the First Amended Plan, Disclosure Statement, and Proposed Solicitation Materials [Docket No. 2070]. Because of the size and time-sensitive nature of the copying and service of these documents, the services were completed in part in-house by YCST's copying service, Parcels, Inc., and partially at Parcels, Inc.'s home office. The documents were 938 pages in length, and were served on all parties on the Rule 2002 service list (67 parties).

09/18/08 CCATH Photocopy Charges in the amount of \$933.60: This charge relates to the copying of the agenda for the September 19 hearing [Docket No. 2178], Exhibit B to the Debtors' First Amended Joint Plan [Docket No. 2179] and the proposed Bermuda Scheme of Arrangement [Docket No. 2181] These documents were 124 pages in length, and was served on all parties on the Rule 2002 service list (67 parties).

09/29/08 AJOSE Photocopy Charges in the amount of \$512.00: This charge relates to the copying of the exhibit to the Debtors' motion authorizing release of an intercompany receivable in connection with the sale of Charleston Marine Containers Inc. This document was 58 pages in length, and was served on all parties on the Rule 2002 service list (68 parties).

We appreciate Young Conaway's response and thus, have no objection to these expenses.

CONCLUSION

5. Thus we recommend approval of fees totaling \$90,413.00 (\$90,535.00 minus \$122.00) and expenses totaling \$37,432.83 for Young Conaway's services from July 1, 2008 through September 30, 2008.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 

Warren H. Smith
Texas State Bar No. 18757050

325 N. St. Paul Street, Suite 1250
Republic Center
Dallas, Texas 75201
214-698-3868
214-722-0081 (fax)
whsmith@whsmithlaw.com

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 9th day of March, 2009.



Warren H. Smith

SERVICE LIST

Notice Parties

The Applicant

Robert S. Brady, Esq.
Edwin J. Harron, Esq.
Edmon L. Morton, Esq.
Sean T. Greecher, Esq.
Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, DE 19801

Counsel to the Debtors

Robert S. Brady, Esq.
Edwin J. Harron, Esq.
Edmon L. Morton, Esq.
Sean T. Greecher, Esq.
Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, DE 19801

Counsel to the Debtors

Larry J. Nyhan, Esq.
James F. Conlan, Esq.
Jeffrey E. Bjork, Esq.
Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603

Accounting and Tax Advisor for the Debtors

Brian Lohead, Partner
PriceWaterhouseCoopers LLP
Plumtree Court
London EC4A 4HT
England

Andrea Clark Smith
PricewaterhouseCoopers LLP
225 South Sixth Street, Suite 1400
Minneapolis, MN 55402

Special Bermuda Counsel to the Debtors

Jennifer Y. Fraser
Appleby Hunter Bailhache
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Special Counsel to the Debtors

Jeffrey Boxer, Esq.
Carter Ledyard & Milburn LLP
2 Wall Street
New York, NY 10005

Human Resources Consultants to the Debtors

David E. Brown
Company Secretary
Collinson Grant Limited
Ryecroft, Aviary Road
Worsley, Manchester M28 2WF
United Kingdom

Special Conflicts and Litigation Counsel for the Debtors

David L. Eaton, Esq.
David A. Agay, Esq.
Adam C. McNeely, Esq.
Kirkland & Ellis LLP
200 East Randolph Dr.
Chicago, IL 60601

Yosef J. Riemer, Esq.
Galia Messika, Esq.
Kirkland & Ellis, LLP
153 East 53rd St.
New York, NY 10022

**Special Counsel for General Foreign
Legal Matters to the Debtors**

Mark J. Douglas
Reed Smith Richards Butler LLP
Beaufort House
Tenth Floor
15 St. Botolph Street
London EC3A 7EE
England

**Counsel to the Official Committee of
Unsecured Creditors**

William H. Sudell, Jr., Esq.
Derek C. Abbott, Esq.
Thomas F. Driscoll III, Esq.
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899

**Counsel to the Official Committee of
Unsecured Creditors**

David B. Stratton, Esq.
Evelyn J. Meltzer, Esq.
Pepper Hamilton LLP
Hercules Plaza, Suite 5100
1313 Market Street
Wilmington, DE 19801

**Counsel for the Official Committee of
Unsecured Creditors**

Marc Abrams
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019

**Counsel to the Official Committee of
Unsecured Creditors**

Scott Seamon
Bingham McCutchen LLP
399 Park Avenue
New York, NY 10022

**Financial Advisor to the Official
Committee of Unsecured Creditors**

Christopher R. DiMauro
Houlihan Lokey Howard & Zukin
Capital, Inc.
1930 Century Park West
Los Angeles, CA 90067

**Financial Advisor to the Official
Committee of Unsecured Creditors**

Gary Squires, Esq.
Kroll Limited
10 Fleet Place
London, EC4M 7RB
United Kingdom

**Bermuda Counsel to the Official
Committee of Unsecured Creditors**

David W. Cooke, Esq.
R. J. Mayor, Esq.
Conyers Dill & Pearman
Clarendon House
2 Church Street, P.O. Box HM 666
Hamilton, HM CX,
Bermuda

United States Trustee

David L. Buchbinder, Esq.
Office of the United States Trustee
844 N. King Street, Room 2207
Lock Box 35
Wilmington, DE 19801

**Chief Financial Officer and Chief
Restructuring Officer for the Debtors**

Laura J. Eisele, Esq.
Alix Partners, LLP
2000 Town Center
Suite 2400
Southfield, MI 48075