

**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 AP SERVICES, LLC,
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 AP Services, LLC, for the Eighth Interim Period (the "Application").

BACKGROUND

1. AP Services, LLC ("AP"), was retained to provide interim management and restructuring services to the Debtors-in-Possession. In the Application, AP seeks approval of fees totaling \$1,044,171.00 and costs totaling \$7,357.81 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 AP an initial report based on our review, and received a response from AP, portions of which response are quoted herein.

DISCUSSION

3. Laura Barlow serves as the Debtors' CFO and Chief Restructuring Officer at a monthly fee of £75,000. During the Application Period, Ms. Barlow billed \$405,142.50 for 532.90 hours, for an effective hourly rate of \$760.26. This compares to an effective hourly rate of \$780.97 for the prior application period.

4. Craig Cavin serves as the Debtors' Restructuring Manager at a monthly fee of £50,000. During the Application Period, Mr. Cavin billed \$270,095 for 715.10 hours, for an effective hourly rate of \$377.70. This compares to an effective hourly rate of \$728.00 for the prior application period.

5. Lisa Ashe serves as the Debtors' Restructuring Director at a monthly fee of £65,000. During the Application Period, Ms. Ashe billed \$351,123.50 for 529.70 hours, for an effective hourly rate of \$662.87. This compares to an effective hourly rate of \$767.75 for the prior application period.

6. In our initial report, we noted a lodging charge that exceeds our trigger rate of \$450 per night for New York City:

09/20/08	Lodging - - VENDOR: CRAIG CAVIN (THE MUSE) – A night stay in New York re CMCI disposal	1,392.81
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This charge appears to cover just one night of lodging. We asked AP to provide further explanation regarding this hotel charge and it responded as follows:

With respect to the September 20, 2008 lodging entry of \$1,329.81, Craig Cavin stayed four (4) nights at the Muse Hotel in Central New York City near Times Square - 130 West 46th Street (between 6th and 7th Avenue) New York City, NY 10036. This averages to approximately \$350.00 per night with taxes which is within the trigger rate of \$450 per night.

We appreciate this response and recommend no reduction in this regard.

7. In our initial report, we noted a number of late-night taxi charge for dates on which the professional involved recorded an amount of time (indicated in parentheses below the date) that does not seem to indicate that a late-night taxi was required. See Exhibit A. We asked AP to explain why each of these charges should be considered reasonable. AP provided the following response:

On each of the dates referenced in Exhibit A, while the professionals also charged time to other matters (for example, internal AlixPartners meetings) during the course of the day, their work for Sea Containers was not completed until after 9:00 p.m., usually because of the need to attend to matters for Sea Containers (for example, attend late conference calls or discussions with other professionals) after the end of normal business hours in the United Kingdom because of the time difference with the United States.

We appreciate this response and believe it suffices in most instances to explain the questioned charges. With respect to two expense items, however, the professional who charged the estate for a late-night taxi did not record any time on this matter on the day in question, and AP's response fails to explain these entries. Accordingly, we recommend a reduction of \$81.99 in expenses.

8. In our initial report, we noted one date for which a professional charged the estate for two late-night taxis from the office to his home:

08/15/08	Cab Fare/Ground Transportation - - VENDOR: CRAIG	41.13
	CAVIN – Late night taxi from SCL to home	
08/15/08	Cab Fare/Ground Transportation - - VENDOR: CRAIG	28.04
	CAVIN – Late night taxi from SCL to home	

We asked AP to explain these charges. AP provided the following response:

The description of the second taxi expense is incorrect, as the amount is too small to be a taxi home. The description should be "From AlixPartners' office to SCL."

We accept this response and have no objection to this expense item.

9. In our initial report, we noted two sets of apparently duplicate expense items:

06/11/08	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow - Taxi from Alix Partners to SCL	27.48
06/11/08	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow [DUPLICATE – TO BE CREDITED IN NOVEMBER INVOICE]	27.48
06/12/08	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow – Taxis for Board from Gare du Nord to Hotel	45.02
06/12/08	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow– Taxis for Board from Gare du Nord to Hotel	45.02

We asked AP to explain these charges, or confirm that a reduction is warranted. AP provided the following response:

The cab fare charges on June 11, 2008 and June 12, 2008 are not duplicates. Rather, Laura Barlow paid the charges for two taxis to transport several members of the Sea Containers Board and professionals from the railway station to a hotel in Paris for a Sea Containers Board meeting. These were pre-booked, fixed fares; hence the identical amounts.

We accept the explanation for the June 12 charges but note that the response fails to explain why one of June 11 charges was labeled as a duplicate in the fee application itself. Accordingly, we recommend a reduction of \$27.48 in expenses.

10. In our initial report, we noted three time entries for Allan Hsu (at \$375 per hour) for which the activity descriptions are inadequately detailed to justify the billing rate in question:

07/14/08	AH	Omnibus Updates and Exhibit Creation;	2.00
07/15/08	AH	Omnibus Updates and Exhibit Creation;	2.00
07/17/08	AH	Omnibus Exhibit Formatting and Creation;	1.00

We asked AP to further describe these activities to demonstrate that the billing rate is justified for these activities. AP provided the following response:

All five of Allan Hsu's hours as noted in paragraph 11 of the report were spent working with John Franks on creating, revising, updating, formatting, and finalizing the 3A, 4A, 4B, and 4C Omnibus objection exhibits. Mr. Hsu also spent time

updating the claims tracking database to reflect the details of the objections of these claims.

We accept this response and have no objection to the associated fees.

11. In our initial report, we noted a time entry that may relate to non-working travel time recorded without a 50% reduction:

09/16/08	LJB	Travel to meeting with potential exit lenders	4.00
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We asked AP to indicate the extent to which this entry reflects non-working travel time and whether the amount of time was appropriately discounted. AP provided the following response:

Laura Barlow travelled to and from Rotterdam in one day to a meeting with the exit lenders, Fortis and DVB Bank America NV. Total travel time in the day, including to and from the airport at both ends and flight time, was approximately eight (8) hours; therefore, the usual 50% reduction for travel time was applied but in any event, Ms Barlow's time is charged on a fixed monthly fee not at an hourly rate, so this does not affect the amount paid by the Debtors.

We accept this response and recommend no reduction in this regard.

12. In our initial report, we noted a dinner charge that exceeds our limit of \$65 per person for New York City:

09/19/08	Meals & Tips - - VENDOR: CRAIG CAVIN – Dinner for one person in New York	105.97
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We asked AP to indicate any reason an exception should be made in this instance, or confirm that a reduction is warranted. AP responded, “AlixPartners agrees to write off the difference between the cost of the dinner and the limit of \$65.00, for a reduction of \$40.97.” We appreciate this response and recommend a reduction of \$40.97 in expenses.


CONCLUSION

13. Thus we recommend approval of fees totaling \$1,044,171.00 and expenses in the amount of \$7,207.37 (\$7,357.81 minus \$150.44) for AP’s services from July 1, 2008, through

September 30, 2008.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: _____

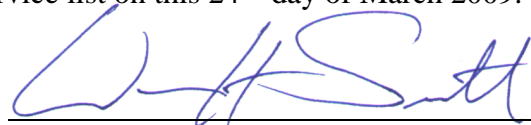
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FEE AUDITOR

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 24th day of March 2009.

_____

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Exhibit A

06/02/08 (0.0)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	45.58
06/04/08 (7.9)	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow – Late night taxi from SCL to home	45.20
06/20/08 (8.4)	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow – Late night taxi from SCL to home	39.70
06/24/08 (8.4)	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow – Late night taxi from SCL to home	47.23
06/25/08 (7.8)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	41.89
06/27/08 (8.3)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	45.53
06/30/08 (6.5)	Cab Fare/Ground Transportation - - VENDOR: Laura Barlow – Late night taxi from SCL to home	39.89
07/18/08 (7.5)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	48.21
07/25/08 (9.1)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	47.78
08/01/08 (9.1)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	47.55
08/14/08 (8.6)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	46.74
08/31/08 (0.0)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	36.41
09/05/08 (6.0)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	42.64
09/24/08 (8.9)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	45.78
09/23/08 (8.9)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	51.53
09/26/08 (6.9)	Cab Fare/Ground Transportation - - VENDOR: CRAIG CAVIN – Late night taxi from SCL to home	46.28