

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: : **Chapter 11**
: :
MCG LIMITED PARTNERSHIP, et al., : **Case No. 12-13042 (CSS)**
: :
Debtors. : **(Jointly Administered)**
: :
: :
: :

**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH *DE MINIMIS* OR NO FEE OR
EXPENSE ISSUES FOR THE SECOND 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 all the Interim Fee Applications of those firms for which we have *de minimis*¹ or no fee or expense issues for the Second Interim Period (collectively referred to hereafter as the “Applications”).²

BACKGROUND

1. Epiq Bankruptcy Solutions, LLC (“Epiq”), was retained as administrative advisor to the Debtors. Epiq seeks approval of fees totaling \$28,443.00 and no expenses for its services during the Application Period.

2. McGladrey LLP (“McGladrey”) was retained as tax advisor to the Debtors. McGladrey seeks approval of fees totaling \$44,742.50 and no expenses for its services from November 29, 2012, through December 31, 2012 (the “First Interim Period”). McGladrey was

¹For purposes of this report, applications with *de minimis* issues are those for which: (1) our recommended reductions total less than \$100.00, and (2) the applicant has agreed to our recommended reductions.

²The Second Interim Period encompasses January 1, 2013, through March 31, 2013.

retained by order of the Court on January 10, 2013, *nunc pro tunc* to November 29, 2012. This is McGladrey's first fee application in the case.

3. Pepper Hamilton LLP ("Pepper Hamilton") was retained as Delaware counsel for the debtors and debtors-in-possession. Pepper Hamilton seeks approval of fees totaling \$164,554.47 and expenses totaling \$12,002.63 for its services during the Application Period.

4. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2013, 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.

DISCUSSION

5. We have no objections to, or issues with, any of the Applications, except as noted in the following paragraph and accompanying footnote.

CONCLUSION

6. In summary, for the Application Period, we recommend approval of the following fees and expenses for these Applicants:

- a. Epiq – \$28,443.00 in fees;
- b. McGladrey – \$44,731.30 in fees (\$44,742.50 minus \$11.20)³ for the First Interim


³This agreed reduction of \$11.20 is to adjust the billing rate of partner, D. Berman, from \$600.00 per hour to \$572.00 per hour. See Appendix A.

Period; and

- c. Pepper Hamilton – \$164,554.47 in fees and \$12,002.63 in expenses.⁴

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 by First Class United States mail to the attached service list on this 22nd day of July, 2013.


Warren H. Smith

⁴We asked Pepper Hamilton for additional detail concerning certain expense entries in its Application, and we received a response which satisfied our inquiry. See Appendix B.

SERVICE LIST

Notice Parties

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APPENDIX A

(McGladrey)

1. We noted that McGladrey billed the time of partner, D. Berman, at \$600.00 per hour. However, pursuant to the Consulting Agreement executed by McGladrey and the Debtors, the partners' time is to be billed at \$572.00 per hour. We asked McGladrey about this rate discrepancy, and McGladrey responded:

I agree that we will make this adjustment. Dan Berman is an international specialist and carries a slightly higher billing rate in our system, but that was not included as part of our engagement letter.

We appreciate McGladrey's response and recommend a reduction of \$11.20⁵ in fees.

⁵Mr. Berman billed 0.4 hours at \$600.00 per hour, for a total of \$240.00 in fees. If Mr. Berman's time had been billed at \$572.00 per hour, his fees would have been \$228.00, for a difference of \$11.20.

APPENDIX B**(Pepper Hamilton)**

1. We noted the following meal expenses for which more information was needed:

01/18/13	CON	Meals - Urban Café Fournier Breakfast 1/11/13 Sale Hearing	1	249.80	249.80
02/06/13	CON	Meals - Urban Café Lunch meeting 12/4/12	1	129.90	129.90
03/12/13	CON	Meals - David M. Fournier - Dinner with Ropes & Gray and Debtor Executives 11/14/12	1	206.00	206.00

In response to our request, Pepper Hamilton provided the following information:

The following sixteen people attended breakfast in Wilmington in connection with the sale hearing on January 11, 2013: (i) D. Hallward-Driemeier, (ii) D. Ross Martin, (iii) P. van Houten, (iv) J. Wilton, (v) A. Goldstein, (vi) E. Honig, (vii) J. Lackow, (viii) R. McManus, (ix) J. Reisman, (x) T. Sutcliffe, (xi) A. Cates, (xii) D. Fournier, (xiii) J. Schanne, (xiv) C. Lano (xv) D. Lasman, and (xvi) C. Wu.

The following six people attended lunch in Wilmington in connection with the hearing on December 4, 2012: (i) D. Ross Martin, (ii) J. Wilton, (iii) J. Lackow, (iv) J. Reisman, (v) D. Stratton, and (vi) J. Schanne.

The following five people attended dinner in Wilmington on November 14, 2012 in connection with preparation for the initial debtor interview and committee formation meeting: (i) D. Ross Martin, (ii) J. Lackow, (iii) D. Fournier, (iv) D. Lasman, and (v) M. Pferffele.

We accept Pepper Hamilton's response and have no objection to these expenses.⁶

⁶Our recommended meal caps in Wilmington, Delaware, are \$50.00 for dinner, \$35.00 for lunch, and \$25.00 for breakfast. None of the expenses exceeded these caps.