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9 Fee Examiner for the Bankruptcy Court

10 **UNITED STATES BANKRUPTCY COURT**
11 **DISTRICT OF NEVADA**

12 In re:

13 STATION CASINOS, INC.,
14 Debtors and Debtors in Possession.

- 15 Affects all debtors listed in footnote 1.¹
- 16 Affects all debtors listed in
17 footnote 2.²

Chapter 11

Case No. BK-09-52477-gwz
Jointly Administered
BK 09-52470 through BK 09-52487

**SECOND AMENDED FEE EXAMINER'S
THIRD REPORT**
(relates to Docket Nos. 3996 and 4004)

Hearing Date: November 3, 2011
Hearing Time: 10:00 a.m.
Place: Judge Zive's courtroom

18 **PURSUANT TO** the Order Pursuant to 11 U.S.C. §§ 105 and 330 and Fed. R. Bankr. P.
19 2014 Authorizing Employment and Retention of Nancy B. Rapoport as Fee Examiner for the

21 ¹ The debtors in these jointly administered chapter 11 cases are: (i) Station Casinos, Inc.; Northern NV Acquisitions,
22 LLC; Reno Land Holdings, LLC; River Central, LLC; Tropicana Station, LLC; FCP Holding, Inc.; FCP Voteco,
23 LLC; Fertitta Partners LLC; FCP MezzCo Parent, LLC; FCP MezzCo Parent Sub, LLC; FCP MezzCo Borrower
24 VII, LLC; FCP MezzCo Borrower VI, LLC; FCP MezzCo Borrower V, LLC; FCP MezzCo Borrower IV, LLC;
25 FCP MezzCo Borrower III, LLC; FCP MezzCo Borrower II, LLC; FCP MezzCo Borrower I, LLC; and FCP
26 PropCo, LLC (collectively, the "SCI Debtors"), (ii) Auburn Development, LLC; Boulder Station, Inc.; Centerline
27 Holdings, LLC; Charleston Station, LLC; CV HoldCo, LLC; Durango Station, Inc.; Fiesta Station, Inc.; Fresno
28 Land Acquisitions, LLC; Gold Rush Station, LLC; Green Valley Station, Inc.; GV Ranch Station, Inc.; Inspirada
Station, LLC; Lake Mead Station, Inc.; LML Station, LLC; Magic Star Station, LLC; Palace Station Hotel &
Casino, Inc.; Past Enterprises, Inc.; Rancho Station, LLC; Santa Fe Station, Inc.; SC Durango Development LLC;
Sonoma Land Holdings, LLC; Station Holdings, Inc.; STN Aviation, Inc.; Sunset Station, Inc.; Texas Station, LLC;
Town Center Station, LLC; Tropicana Acquisitions, LLC; and Vista Holdings, LLC (collectively, the "Subsidiary
Debtors"), (iii) Aliante Gaming, LLC, Aliante Holding, LLC, and Aliante Station, LLC (collectively, the "Aliante
Debtors"), and (iv) Green Valley Ranch Gaming, LLC ("GVR").

² These debtors consist of the Subsidiary Debtors, the Aliante Debtors, and GVR.



1 Court [Docket No. 2740] (the “Fee Examiner Order”) and the Order Pursuant to 11 U.S.C. §§
2 105 and 330 and Fed. R. Bankr. P. 2014, Expanding the Duties of Nancy B. Rapoport as Fee
3 Examiner for the Court (the “Expanded Fee Examiner Order”) [Docket No. 3017], the Fee
4 Examiner reports as follows:

5 1. *Additional information regarding Shea & Carlyon, Kirkland & Ellis, Milbank,*
6 *and FTI-Debtors.* Since the Fee Examiner’s Second Report was filed, the Fee Examiner has
7 been in discussions with Shea & Carlyon, Kirkland & Ellis, FTI-Debtors, and Milbank.

8 a. *Shea & Carlyon.* Upon receiving additional information, the Fee
9 Examiner believes that there are no more open questions about Shea & Carlyon’s final fee
10 application and no recommended reduction for that firm.

11 b. *Kirkland & Ellis.* Upon receiving additional information, the Fee
12 Examiner believes that there are no more open questions about Kirkland & Ellis’s final fee
13 application. The Fee Examiner recommends approval of Kirkland & Ellis’s final fee application
14 with a recommended reduction of \$5,172.75.³ Since the filing of the First Amended Fee
15 Examiner’s Third Report earlier today, the Fee Examiner and Kirkland & Ellis have been in
16 discussions regarding the Aliante reviews set forth in Exhibit A to the Fee Examiner’s Third
17 Report. The Fee Examiner hopes to be able to announce agreed-upon reductions on the record
18 tomorrow.

19 c. *Milbank.* Upon receiving additional information, the Fee Examiner
20 believes that there are no more open questions about Milbank’s final fee application. The Fee
21 Examiner recommends approval of Milbank’s final fee application with a recommended
22 reduction of \$262,415.82.

23 d. *FTI-Debtors.* Upon receiving additional information, the Fee Examiner
24 believes that there are no more open questions about FTI’s final fee application (excluding any
25 fees and expenses associated with the Supplement to FTI Consulting, Inc.’s Final Applications
26

27 ³ Kirkland & Ellis has shared a draft of its supplement to its final fee application in GVR and has provided sufficient
28 answers to the questions that the Fee Examiner had; therefore, the Fee Examiner does not anticipate having any
objections to the supplement.

1 for Compensation and Reimbursement of Fees and Expenses, which FTI anticipates filing later,
 2 *see* Docket No. 4008). The Fee Examiner recommends approval of FTI's final fee application
 3 with a recommended reduction of \$80,000.

4 2. *Update of reviews since Fee Examiner's Second Report, Fee Examiner's Third*
 5 *Report, and First Amended Fee Examiner's Third Report.* The chart below sets forth the status
 6 of reviews and negotiations through November 2, 2011.

Professional	General observations about fee applications	Amount of voluntary reductions, if any.	Recommendations about final fees.
Brown Rudnick	Overstaffing questions; leverage questions; other billing questions; some expense questions.	Agreed to reduce by \$201,703.50.	Approve with reduction.
Downey Brand	Lack of detailed explanation for some fees and expenses.	Agreed to reduce by \$3,986.56.	Approve with reduction.
E&Y	Questions about staffing, block-billing, and hourly rate increases.	Agreed to reduce by \$32,446.00.	Approve with reduction.
Fried Frank	Some block-billing and vague entries; some overhead charged as expenses.	In addition to \$58,628.92 in agreed-upon reductions based on discussions with Fee Examiner, additional Fried Frank voluntary reductions of \$89,340.50, for a <u>total recommended reduction</u> of \$147,969.42.	Approve with reduction.
FTI-Debtors	Questions about leverage (work allocated to professionals at the appropriate level) and expenses.	Agreed to reduce by \$80,000.	Approve with reduction.
Gibson Dunn	Just a few issues re fees; we discussed the proportion of fees from the fee review itself, and given the voluntary	Responses were sufficient; reduction of \$10,542 through Nov. 2010; no further reductions.	Approve with reduction.

	deductions that GD&C took, no more issues.		
GLC	Some issues about expenses not being itemized, but they've been resolved.	Responses were sufficient.	Approve.
Gordon Silver as counsel for Sea Port and Oppenheimer	No issues.	n/a.	Approve.
Jones Vargas	No issues.	n/a	Approve.
Kirkland & Ellis (GVR and Aliante reviews set forth in Exhibit A to the Fee Examiner's Third Report)	Only a few issues on billing and expenses.	Agreed to reduce by \$5,172.75; currently in discussions regarding possible reductions of fees and expenses for the fee reviews set forth in Exhibit A to the Fee Examiner's Third Report (Aliante reviews).	Approve with reduction.
Lazard	Several questions on expenses (fees not reviewable).	Agreed to reduce expenses by \$25,000.	Approve with reduction.
Lewis & Roca	Some questions about block-billing; some questions about expenses.	Explanations accepted; \$3,216.43 agreed-upon reduction for some minor discrepancies. Earlier deduction of \$7,506 already taken in final fee application.	Approve with reduction.
Milbank	Concerns include significant block-billing, excessive expenses, and unusual hourly rate increases. Still waiting for final response to inquiries.	Agreed-to reductions of \$262,415.82.	Approve with reduction.

1 2	Oppenheimer (GVR)	Just a few expenses that needed additional explanation.	Responses were sufficient.	Approve.
3 4 5 6 7	Quinn Emanuel	A small amount of block- billing and expense questions.	Reached agreement for an additional \$475.05 reduction (on top of the reduction that Judge Zive already made), given the amount of incurred but unbilled time that the firm has provided.	Approve with reduction.
8 9	Sea Port (GVR)	Just a few expenses that needed additional explanation.	Responses were sufficient.	Approve.
10 11 12 13	Shea & Carlyon	A few minor questions about billing.	Responses were sufficient.	Approve.
14 15	Sierra	Some questions, primarily about block-billing.	Agreed to reduction of \$2,862.11.	Approve with reduction.

16 7. *Question regarding the continued employment of the Fee Examiner.* Because the
17 remaining fee applications relate to the Aliante case, the Fee Examiner respectfully requests
18 some clarification of the term of her appointment: whether she should continue her work in
19 reviewing those remaining fee applications or should conclude her employment as the Fee
20 Examiner and submit her final fee application (including the November flat monthly fee, the fees

1 and expenses connected with this hearing, and any final other expenses, such as PACER fees).

2 Respectfully submitted this 2d day of November, 2011.

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