

Nancy B. Rapoport (NV #10724)  
William S. Boyd School of Law  
University of Nevada, Las Vegas  
Box 451003  
4505 S. Maryland Parkway  
Las Vegas, NV 89123  
nancy.raपोport@unlv.edu  
Telephone: 713-202-1881

Fee Examiner for the Bankruptcy Court

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

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

- ☒ Affects all debtors listed in footnote 1.<sup>1</sup>  
☒ Affects all debtors listed in  
footnote 2.<sup>2</sup>

Chapter 11

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

**FEE EXAMINER'S THIRD REPORT**  
(relates to Docket Nos. 2740, 3017, 3647, and  
3968)

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

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

<sup>1</sup> The debtors in these jointly administered chapter 11 cases are: (i) Station Casinos, Inc.; Northern NV Acquisitions, LLC; Reno Land Holdings, LLC; River Central, LLC; Tropicana Station, LLC; FCP Holding, Inc.; FCP Voteco, LLC; Fertitta Partners LLC; FCP MezzCo Parent, LLC; FCP MezzCo Parent Sub, LLC; FCP MezzCo Borrower VII, LLC; FCP MezzCo Borrower VI, LLC; FCP MezzCo Borrower V, LLC; FCP MezzCo Borrower IV, LLC; FCP MezzCo Borrower III, LLC; FCP MezzCo Borrower II, LLC; FCP MezzCo Borrower I, LLC; and FCP PropCo, LLC (collectively, the "SCI Debtors"), (ii) Auburn Development, LLC; Boulder Station, Inc.; Centerline Holdings, LLC; Charleston Station, LLC; CV HoldCo, LLC; Durango Station, Inc.; Fiesta Station, Inc.; Fresno 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").

<sup>2</sup> These debtors consist of the Subsidiary Debtors, the Aliante Debtors, and GVR.

THIRD REPORT OF FEE EXAMINER



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, FTI-*  
 6 *Debtors, and Milbank.* 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.<sup>3</sup>

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

19 d. *FTI-Debtors.* During this last week, FTI has worked diligently to answer  
 20 many of the Fee Examiner’s questions, and FTI and the Fee Examiner have reached agreement  
 21 on a reduction of \$45,519.46. Unfortunately, the Fee Examiner and FTI have been unable to  
 22 reach agreement on the rest of the questioned fees and expenses. Those questioned fees and  
 23 expenses fall into two categories: FTI’s staffing choices and FTI’s decision to incur certain  
 24 expenses. As part of last week’s conversations, FTI explained to the Fee Examiner that roughly  
 25 \$33,000 of expenses were due to the Debtors’ decision to ask FTI to remain on site even when it

26  
 27 <sup>3</sup> 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.

was not necessarily busy working on the Debtors' matters (the "Extra On-Site Expenses"). As set forth more fully below, the Fee Examiner believes that FTI should have alerted the Court before agreeing to such an arrangement.

2. *Update of reviews since Second Examiner's Report.*

The chart below sets forth the status of reviews and negotiations through October 31, 2011.

<b>Professional</b>	<b>General observations about fee applications</b>	<b>Amount of voluntary reductions, if any.</b>	<b>Recommendations about final fees.</b>
Brown Rudnick	Overstaffing questions; leverage questions; other billing questions; some expense questions.	Agreed to reduce by \$201,703.50.	<b>Approve with reduction.</b>
Downey Brand	Lack of detailed explanation for some fees and expenses.	Agreed to reduce by \$3,986.56.	<b>Approve with reduction.</b>
E&Y	Questions about staffing, block-billing, and hourly rate increases.	Agreed to reduce by \$32,446.00.	<b>Approve with reduction.</b>
Fried Frank	Some block-billing and vague entries; some overhead charged as expenses.	In addition to \$58,628.92 in agreed-upon reductions, agreed to voluntary additional reductions of \$89,340.50, for a total of \$147,969.42.	<b>Approve with reduction.</b>
FTI-Debtors (not GVR)	Questions about leverage (work allocated to professionals at the appropriate level) and expenses.	<b>Reached agreed-upon reductions of \$48,519.46; but the additional requested reductions were rejected.</b>	<b>To be resolved at the hearing.</b>

Gibson Dunn	Just a few issues re fees; we discussed the proportion of fees from the fee review itself, and given the voluntary deductions that GD&C took, no more issues.	Responses were sufficient; reduction of \$10,542 through Nov. 2010; no further reductions.	<b>Approve with reduction.</b>
GLC	Some issues about expenses not being itemized, but they've been resolved.	Responses were sufficient.	<b>Approve.</b>
Gordon Silver as counsel for Sea Port and Oppenheimer	No issues.	n/a.	<b>Approve.</b>
Jones Vargas	No issues.	n/a	<b>Approve.</b>
Kirkland & Ellis (GVR)	Only a few issues on billing and expenses.	<b>Agreed to reduce expenses by \$5,172.75.</b>	<b>Approve with reduction.</b>
Lazard	Several questions on expenses (fees not reviewable).	Agreed to reduce expenses by \$25,000.	<b>Approve with reduction.</b>
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.	<b>Approve with reduction.</b>
Milbank	Concerns include significant block-billing, excessive expenses, and unusual hourly rate increases. Still waiting for final response to inquiries.	<b>Agreed-to reductions of \$262,415.82.</b>	<b>Approve with reduction.</b>
Oppenheimer (GVR)	Just a few expenses that needed additional explanation.	Responses were sufficient.	<b>Approve.</b>

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.	<b>Approve with reduction.</b>
Sea Port (GVR)	Just a few expenses that needed additional explanation.	Responses were sufficient.	<b>Approve.</b>
Shea & Carlyon	A few minor questions about billing.	<b>Responses were sufficient.</b>	<b>Approve.</b>
Sierra	Some questions, primarily about block-billing.	Agreed to reduction of \$2,862.11.	<b>Approve with reduction.</b>

7. Some fee reviews were completed after the filing of the Fee Examiner's Second Report. These reviews, which have all been transmitted to the professionals in question, are attached hereto as Exhibit A.

8. *General observations about the fees and expenses that are still in dispute.* A professional seeking approval of its fees and expenses must demonstrate that those fees represent "reasonable compensation for actual, necessary services" and that those expenses were "actual, necessary expenses" pursuant to 11 U.S.C. § 330(a). *See* 11 U.S.C. § 330; Bankruptcy Rule 2016; Local Bankruptcy Rule 2016 (which itself links to the U.S. Trustee's Guidelines for reimbursement). The professional, not the Fee Examiner, has the burden of proof. *See, e.g., In re Las Vegas Monorail Company*, 2011 WL 4501907, \*3 (Bankr. D. Nev. 2011) ("The fee applicant bears the burden of proving that the fees requested are proper under Section 330(a)(4)(A)."); *In re Ginji Corp.*, 117 B.R. 983, 990 (Bankr. D. Nev. 1990) (same); *In re Ellipso, Inc.*, 2011 WL 5041762, \*9 (Bankr. D.C. 2011) (same). Although FTI worked diligently with the Fee Examiner to resolve any outstanding questions about its fees and expenses, some

1 issues still remain.

2 9. *Observations about FTI's fees and expenses; potential inquiries for the Court to*  
 3 *consider.* FTI was appointed in large part because of its experience in reorganizations and its  
 4 familiarity with the Debtors' operations. Exhibit B sets forth excerpts of the docket numbers  
 5 relating to FTI's employment, in which the Debtors described FTI as having "a wealth of  
 6 experience in providing financial advisory services in restructurings and reorganizations and  
 7 enjoys an excellent reputation for services it has rendered in large and complex chapter 11  
 8 cases. . . ." [Docket No. 112, paragraph 11.] The Debtors also explained that FTI "has  
 9 developed a great deal of institutional knowledge regarding the Debtors' operations, finance[s]  
 10 and systems." [*Id.*, paragraph 12.] Because of FTI's expertise in reorganizations generally,  
 11 because FTI has a deep knowledge of the Debtors' business issues, and because the Order  
 12 authorizing FTI's employment makes specific reference to following the Guidelines of the Office  
 13 of the U.S. Trustee, the Fee Examiner expects FTI to comply with all applicable rules regarding  
 14 fee applications. Excerpts from the Guidelines are attached hereto as Exhibit C. Those  
 15 Guidelines require, among other things, that expenses should be "reasonable and economical"  
 16 and of the kind that "are customarily charged to non-bankruptcy clients of the applicant."

17 The Fee Examiner sees two main issues with respect to FTI's fee applications.<sup>4</sup> One  
 18 involves FTI's staffing of its work for the Debtors (the "leverage" issue), and one involves the  
 19 Extra On-Site Expenses. Both issues involve the concept of billing judgment. In terms of  
 20 leverage, the issue is whether—once FTI determined what its normal monthly workflow would  
 21 be—it should have adjusted the composition of its team so as to minimize the necessity of  
 22 higher-billing professionals doing work better meant for lower-billing professionals to do. For  
 23 several of the months covered by the fee reviews, it appears that FTI used some highly skilled  
 24 professionals with significant experience and some professionals who were relatively new to the  
 25 type of work needed. That choice raises the question of whether FTI allocated its work to the

26  
 27 <sup>4</sup> Although FTI and the Fee Examiner have resolved the questions involving block-billing (by having FTI go back to  
 28 its bills and "un-block" that time), the Fee Examiner would have preferred FTI to have included those un-blocked  
 descriptions in its original fee applications, as the Guidelines require.

lowest reasonable biller. *See In re Ginji*, 117 B.R. 983, 990 (Bankr. D. Nev. 1990) (“The Court believes that the blended rate approach is more useful in reviewing the application as a whole rather than in justifying individual rates. . . . That is, if the blended rate is reasonable in light of the nature and complexity of the case, then the Court will presume that the attorney performing the task is the one, from an economic standpoint, who should be performing the task. . . . This is, however, only a presumption; hence if it appears that a senior attorney is routinely performing work which should be done by a junior, then it will be disallowed.”); *id.* at 994 (“[W]ork which was done by an attorney which should have been done by a paralegal or non-professional should be billed at the lower rate.”). Given that FTI is both highly experienced at working on large Chapter 11 cases and familiar with the Debtors’ operations (as Exhibit B demonstrates), could it not have revised its staffing to take advantage of other professionals who had the correct level of experience? Because FTI has the burden of proof, it should explain to this Court why it chose to use a bimodal distribution of talent (some very experienced and some relatively inexperienced) instead of a more balanced team.<sup>5</sup>

The second major issue involves the Debtors’ decision to ask FTI to stay on-site, even when there would be days during which FTI would do little or no work for the Debtors, as a matter of convenience for the Debtors. FTI complied with the Debtors’ request, to the tune of approximately \$32,000 of expenses incurred for days during which FTI billed little to no time for the Debtors. Certainly, it is within FTI’s discretion to choose where to work; however, its decision to bill the Extra On-Site Expenses to the estates without first confirming with the Court (not just the Debtors) that incurring such expenses would be permitted has put FTI in an awkward position. Staying on-site may well have been convenient for the Debtors, but it

---

<sup>5</sup> Work should be pushed down to the lowest reasonable biller. *See, e.g., In re Verissimo*, 354 B.R. 284, 299-300 (Bankr. D. Nev. 2006) (reviewing for billing judgment in determining whether work was given to the lowest reasonable biller); *see also Thomas v. Namba (In re Thomas)*, 2009 WL 7751299, \*12 (Bankr. 9<sup>th</sup> Cir. 2009) (unpublished opinion) (“In other words, as most bankruptcy professionals have come to understand, the trustee’s law firm can not expect to be paid senior partner rates for performing services that could be more economically performed by junior partners, associates, paralegals, or perhaps in this case, by nonprofessional staff or even a commercial service.”).

1 resulted in more expenses for which the unsecured creditors in this case are expected to pay.<sup>6</sup>  
 2 The unsecured creditors did not have a say in the decision, because FTI did not first check with  
 3 this Court to determine whether the Debtors' request would be considered "reasonable." *Cf.* In  
 4 re Ginji, 117 B.R. 983, 988 (Bankr. D. Nev. 1990) ("[A]s § 330 provides, the Court may only  
 5 award estate funds based upon reasonable compensation for actual, necessary services. This is  
 6 nothing more, nor nothing less than is, or should be, demanded by any client, whether in  
 7 bankruptcy or not. The only difference is that the Court has the unpleasant task of acting as the  
 8 sharp-eyed controller."); *id.* at 989 ("This chore cannot be lightly exercised because of the very  
 9 fact that the client may have little concern over the amount of fees paid as the fees are being paid  
 10 from assets which would be distributed in any case. Moreover, the beleaguered debtor may not  
 11 wish to strain his relationship with his life-rope, his attorney. Finally, opposition from others  
 12 may be tempered by the fact they too, expect to be paid from the estate assets.") Did FTI's  
 13 decision to bill for the Extra On-Site Expenses result in the type of "actual, necessary expenses"  
 14 that comply with both Section 330(a)'s "actual, necessary expenses" requirement and the U.S.  
 15 Trustee's Guidelines<sup>7</sup>?

16 To be sure, FTI has already provided significant voluntary reductions outside of the fee  
 17 review process. Those reductions, however, should not offset the proposed reductions in this  
 18 report. By making voluntary reductions, FTI was simply exercising the type of billing judgment  
 19 that all professionals are required to do. *See, e.g.,* In re Wysong & Miles Co., 2011 WL  
 20 3911110, \*13 (Bankr. M.D. N. Caro. 2011) (reviewing for billing judgment); *see also* Thomas v.  
 21 Namba (In re Thomas), 2009 WL 7751299, \*4 (Bankr. 9<sup>th</sup> Cir. 2009) (unpublished opinion)  
 22 ("[A]ttorneys applying to a court for attorneys' fees should exercise good billing judgment by  
 23 making 'a good faith effort to exclude from a fee request hours that are excessive, redundant, or  
 24 otherwise unnecessary....' Thus, the standard of § 330(a)(3) that compensation be for actual and  
 25

26 <sup>6</sup> Because administrative expenses come before general unsecured claims, the general unsecured creditors are  
 27 footing the bill for FTI's decision. *See* 11 U.S.C. §§507(a), 503(b).

28 <sup>7</sup> With respect to compliance with the Guidelines, FTI must prove that those expenses were "reasonable and  
 economical" and whether it customarily charges its other clients for expenses incurred when not working on the  
 clients' matters.



1 necessary services makes the exercise of 'billing judgment' a required element of a reasonable  
 2 fee.") (citations omitted). Therefore, although FTI should be commended for exercising some  
 3 billing judgment, its voluntary reductions should not provide immunity for additional billing  
 4 reductions, should this Court determine them to be necessary.

5 10. *Question regarding the continued employment of the Fee Examiner.* Because the  
 6 majority of the fee applications remaining are for Aliante,<sup>8</sup> the Fee Examiner respectfully  
 7 requests some clarification of the term of her appointment: whether she should continue her  
 8 work in reviewing those remaining fee applications or conclude her employment as the Fee  
 9 Examiner and submit her final fee application (including the November flat monthly fee, the fees  
 10 and expenses connected with this hearing, and any final other expenses, such as PACER fees).<sup>9</sup>

11 Respectfully submitted this 1<sup>st</sup> day of November, 2011.

12  
13  
14  
15   
 16 Nancy B. Rapoport (NV #10724)  
 17 William S. Boyd School of Law  
 18 University of Nevada, Las Vegas  
 19 Box 451003  
 20 4505 S. Maryland Parkway  
 21 Las Vegas, NV 89123  
 22 [nancy.rapoport@unlv.edu](mailto:nancy.rapoport@unlv.edu)  
 23 Telephone: 713-202-1881  
 24  
25

26 <sup>8</sup> Aside from some supplemental final fee applications in GVR.

27 <sup>9</sup> Complicating matters slightly, depending on how this Court rules on FTI's remaining issues, FTI could choose to  
 28 appeal the Court's ruling. Such an appeal might necessitate additional obligations on the part of the Fee Examiner,  
 should the Court wish her to address any such issues raised on appeal.

EXHIBIT A—FEE REVIEWS CONDUCTED AFTER FEE EXAMINER'S  
SECOND REPORT

MEMORANDUM

To: Nancy Rapoport

From: Andrew Hall

Date: October 30, 2011

Re: Kirkland & Ellis LLP June Monthly Interim Fee Application for 6/1/2011-6/30/2011.

**Kirkland & Ellis LLP**

1. On May 9, 2011, the U.S. Bankruptcy Court, District of NV, approved the appointment of Kirkland & Ellis LLP (K&E) as Reorganization Counsel to Aliante. Doc. 2971 pg. 1. This application was made pursuant to **11 U.S.C. § 327(a)** and **§ 328(a)**, Rule 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2016 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Nevada (the “Local Rules”). *Id.* at 2.
2. The scope of K&E’s duties include:
  - (a) advising the Aliante Debtors with respect to its powers and duties as a debtor in possession in the continued management and operation of its business and property;
  - (b) advising and consulting on the conduct of this chapter 11 case, including all of the legal and administrative requirements of operating a chapter 11;
  - (c) attending meetings and negotiations with representatives of the creditors and other parties in interest;
  - (d) taking all necessary action to protect and preserve Aliante Debtors’ estate, including prosecuting actions on Aliante Debtors’ behalf, defending any action commenced against Aliante Debtors, and representing the Aliante Debtors in negotiations concerning litigation in which the Aliante Debtors are involved, including objections to claims filed against the Aliante Debtors’ estate;
  - (e) preparing pleadings in connection with this chapter 11 case, including motions, applications, answers, orders, reports, and papers necessary or otherwise beneficial to the administration of the Aliante Debtors’ estate;
  - (f) representing the Aliante Debtors in connection with obtaining authority to continue using cash collateral and, if necessary, post-petition financing;
  - (g) advising the Aliante Debtors in connection with any potential sale of assets or restructuring transaction;
  - (h) appearing before the Court and any appellate courts to represent the interests of the Aliante Debtors’ estate;
  - (i) advising the Aliante Debtors regarding tax matters;
  - (k) performing all other necessary legal services for the Aliante Debtors in connection with the prosecution of this chapter 11 case, including analyzing the Aliante Debtors’ leases and contracts and the assumption and assignment or rejection thereof, analyzing the validity of liens against the Aliante Debtors, and advising the Aliante Debtors on corporate and litigation matters.Doc. 2938 pg. 9.
3. K&E requested \$23,962.00 in fees and \$5,486.96 in expenses for this period. Doc. 3687 pg. 2-3.

4. K&E did not write down any fees for work conducted during this application period.
5. K&E did not spend any time conducting a conflict check during this application period.
6. K&E requests \$7,340.50 for work conducted preparing its fee applications. This amount represents ~25% of the total amount billed for the application period. K&E spent this time constructing the May and First Interim Fee Applications.
7. There are no issues with the individual billing entries for this fee application.
8. K&E charged \$79.99 for Secretarial Overtime on this application.

MEMORANDUM

To: Nancy Rapoport  
From: Andrew Hall  
Date: October 22, 2011  
Re: Kirkland & Ellis LLP Monthly Interim Fee Application for 7/1/2011-7/31/2011.

**Kirkland & Ellis LLP**

1. On May 9, 2011, the U.S. Bankruptcy Court, District of NV, approved the appointment of Kirkland & Ellis LLP (K&E) as Reorganization Counsel to Aliante. Doc. 2971 pg. 1. This application was made pursuant to 11 U.S.C. § 327(a) and § 328(a), Rule 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2016 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Nevada (the “Local Rules”). *Id.* at 2.
2. The scope of K&E’s duties include:
  - (a) advising the Aliante Debtors with respect to its powers and duties as a debtor in possession in the continued management and operation of its business and property;
  - (b) advising and consulting on the conduct of this chapter 11 case, including all of the legal and administrative requirements of operating a chapter 11;
  - (c) attending meetings and negotiations with representatives of the creditors and other parties in interest;
  - (d) taking all necessary action to protect and preserve Aliante Debtors’ estate, including prosecuting actions on Aliante Debtors’ behalf, defending any action commenced against Aliante Debtors, and representing the Aliante Debtors in negotiations concerning litigation in which the Aliante Debtors are involved, including objections to claims filed against the Aliante Debtors’ estate;
  - (e) preparing pleadings in connection with this chapter 11 case, including motions, applications, answers, orders, reports, and papers necessary or otherwise beneficial to the administration of the Aliante Debtors’ estate;
  - (f) representing the Aliante Debtors in connection with obtaining authority to continue using cash collateral and, if necessary, post-petition financing;
  - (g) advising the Aliante Debtors in connection with any potential sale of assets or restructuring transaction;
  - (h) appearing before the Court and any appellate courts to represent the interests of the Aliante Debtors’ estate;
  - (i) advising the Aliante Debtors regarding tax matters;
  - (k) performing all other necessary legal services for the Aliante Debtors in connection with the prosecution of this chapter 11 case, including analyzing the Aliante Debtors’ leases and contracts and the assumption and assignment or rejection thereof, analyzing the validity of liens against the Aliante Debtors, and advising the Aliante Debtors on corporate and litigation matters.Doc. 2938 pg. 9.
3. K&E requested \$18,091.2 in fees and \$540.86 in expenses for this period. Doc. 3795 pg. 2-3.

4. K&E did not write down any fees for work conducted during this application period.
5. K&E did not spend any time conducting a conflict check during this application period.
6. K&E requests \$10,192.5 for work conducted preparing its fee applications. This amount represents ~56% of the total amount billed for the application period. It is unclear how much, if any, was billed for work done on the July fee application.
7. There are no issues with the individual entries for this fee application.

Nancy Rapoport 10/30/11 1:43 PM

**Comment [1]:** Sarah, this percentage is pretty high. Let's discuss.

MEMORANDUM

To: Nancy Rapoport

From: Andrew Hall

Date: October 30, 2011

Re: Kirkland & Ellis LLP August Monthly Interim Fee Application for 8/1/2011-8/31/2011.

**Kirkland & Ellis LLP**

1. On May 9, 2011, the U.S. Bankruptcy Court, District of NV, approved the appointment of Kirkland & Ellis LLP (K&E) as Reorganization Counsel to Aliante. Doc. 2971 pg. 1. This application was made pursuant to **11 U.S.C. § 327(a)** and **§ 328(a)**, Rule 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2016 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Nevada (the “Local Rules”). *Id.* at 2.
2. The scope of K&E’s duties include:
  - (a) advising the Aliante Debtors with respect to its powers and duties as a debtor in possession in the continued management and operation of its business and property;
  - (b) advising and consulting on the conduct of this chapter 11 case, including all of the legal and administrative requirements of operating a chapter 11;
  - (c) attending meetings and negotiations with representatives of the creditors and other parties in interest;
  - (d) taking all necessary action to protect and preserve Aliante Debtors’ estate, including prosecuting actions on Aliante Debtors’ behalf, defending any action commenced against Aliante Debtors, and representing the Aliante Debtors in negotiations concerning litigation in which the Aliante Debtors are involved, including objections to claims filed against the Aliante Debtors’ estate;
  - (e) preparing pleadings in connection with this chapter 11 case, including motions, applications, answers, orders, reports, and papers necessary or otherwise beneficial to the administration of the Aliante Debtors’ estate;
  - (f) representing the Aliante Debtors in connection with obtaining authority to continue using cash collateral and, if necessary, post-petition financing;
  - (g) advising the Aliante Debtors in connection with any potential sale of assets or restructuring transaction;
  - (h) appearing before the Court and any appellate courts to represent the interests of the Aliante Debtors’ estate;
  - (i) advising the Aliante Debtors regarding tax matters;
  - (k) performing all other necessary legal services for the Aliante Debtors in connection with the prosecution of this chapter 11 case, including analyzing the Aliante Debtors’ leases and contracts and the assumption and assignment or rejection thereof, analyzing the validity of liens against the Aliante Debtors, and advising the Aliante Debtors on corporate and litigation matters.Doc. 2938 pg. 9.
3. K&E requested \$10,019.20 in fees and \$42.81 in expenses for this period. Doc. 3895 pg. 2-3.

4. K&E did not write down any fees for work conducted during this application period.
5. K&E did not spend any time conducting a conflict check during this application period.
6. K&E requests \$2,368.00 for work conducted preparing its fee applications. This amount represents ~19% of the total amount billed for the application period. K&E spent this time constructing the May and First Interim Fee Applications.
7. There are no issues with the individual billing entries for this fee application.



## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: October 17, 2011

Re: FTI's (as Financial Advisor to GVR) Final Fee Application for April 12 through June 17, 2011

1. Order Approving Appointment under §§327(a) and 328(a) was entered on June 1, 2011 [Dkt. No. 3345]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. GVR retained FTI as their financial advisor.
3. This is FTI's final fee application (Dkt. No. 3580). FTI is requesting \$160,490.50 in fees and \$10,413.62 in expenses (\$164,002.87 in fees and expenses owed). FTI segmented the fees and expenses for the period into 4 chronological periods:
  - i. April 12,
  - ii. April 13 through April 30,
  - iii. May 1 through May 31, and
  - iv. June 1 through June 17.

This review follows FTI's convention and examines FTI's fees and expenses in the order shown above.

I. April 12 Fees and Expenses

1. FTI produced \$6,881.00 in fees and incurred \$20.25 in expenses during the period.
2. Fee/Employment Application
  - a. FTI allocated 0.9 hour to the employment application preparation with a \$637.50 resulting charge to GVR. Thus according to the FTI's allocation, 9.3% of total fees billed to GVR during the period are attributable to the employment application preparation.
  - b. Professionals Involved in *Employment Application Preparation*.

Name	Position	Billing Rate	Hours
Brown, Walton	Managing Director	\$625	0.3
Ozawa, Michael	Sr Managing Director	\$750	0.6

No issues.

## 3. Conflicts Check

Sr Managing Director Ozawa (billing rate \$750) billed 0.2 hour for a conflicts check (\$150 charge).

## 4. Tasks Performed During the Period

Schedules and Statements Development/First Day Filings was the only task performed during the period. FTI billed 12.1 hours for the task with a resulting charge of \$6,243.50.

Professionals Involved in *Schedules and Statements Development*

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	4.6
Peterson, Lance	Director	\$545	4.7
Brown, Walton	Managing Director	\$625	2.8

No issues.

## 5. Expenses

FTI incurred \$20.25 of meal expense. No issues.

6. FTI produced no record of fee or expense write-down.

## II. April 13 through April 30 Fees and Expenses

1. FTI produced \$53,903 in fees and incurred \$3,365.73 in expenses during the period.
2. Fee/Employment Application
  - a. FTI allocated 13 hours to the employment application preparation with a resulting \$5,520.50 charge to GVR. Thus, according to the FTI's allocation, 10.2% of total fees billed to GVR during the period are attributable to the employment application preparation.
  - b. Professionals Involved in *Employment Application Preparation*

Name	Position	Billing Rate	Hours
Heard, Rheba	Paraprofessional	\$105	5.5
Peterson, Lance	Director	\$545	2.9
Brown, Walton	Managing Director	\$625	0.7
Ozawa, Michael	Sr Managing Director	\$750	3.9

On 4/20, Peterson block-billed 1.6 hours (\$872 charge) and 0.8 hour (\$436 charge).

3. FTI produced no record of conflicts check

4. Tasks Performed During the Period

Task	Time Total	Fee Total
Employment Application	13.0	\$5,520.50
Schedules and Statements Development	92.8	\$46,356.50
Monthly Operating Reports	0.5	\$296.50
Case Administration/Management	2.6	\$1,457.00
Plan of Reorganization/Disclosure Statement	0.5	\$272.50

a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	51.3
Peterson, Lance	Director	\$545	22.9
Swint, William	Managing Director	\$675	14.1
Brown, Walton	Managing Director	\$625	4.5

Kanafani block-billed 1 hour on 4/13 (\$420 charge).

Peterson block-billed 1.2 hour on 4/18 (\$654), 0.6 hour on 4/22 (\$327), and 2.3 hours on 4/27 (\$1,253.50) for a total of 4.1 hours (\$2,234.50).

Work allocation issues remain. During the period, Managing Director Swint performed tasks suitable for a consultant, such as 2.6 hours billed on 4/27 for processing payment information and generating exhibits.

b. Monthly Operating Reports

Managing Director Brown (\$625 rate) billed 0.3 hour for the task (\$187.50) and Director Peterson (\$545 rate) billed 0.2 hour for the task (\$109).

No issues.

c. Case Administration/Management

Managing Director Brown (\$625 rate) billed 0.5 hour for the task (\$312.50) and Director Peterson (\$545 rate) billed 2.1 hours for the task (\$1,144.50).

No issues.

Nancy Rapoport 10/21/11 6:23 AM

**Comment [1]:** 3% reduction would be \$67.03.

## d. Plan of Reorganization/Disclosure Statement

Director Peterson (\$545 rate) billed 0.5 hour for the task (\$272.50).

No issues.

## 5. Expenses

FTI as FA to Debtors April '11 review memo examines expenses in this statement.

## 6. FTI produced no record of fee or expense write-down.

## III. May 1 through May 31 Fees and Expenses

1. FTI produced \$76,186.50 in fees and incurred \$4,556.86 in expenses during the period.
2. Fee/Employment Application
  - c. FTI allocated 9.1 hours to the employment/fee application preparation with a resulting \$3,899.50 charge to GVR. Thus, according to the FTI's allocation, 5.1% of total fees billed to GVR during the period are attributable to the employment/fee application preparation.
  - d. Professionals Involved in *Employment/Fee Application Preparation*

Name	Position	Billing Rate	Hours
Heard, Rheba	Paraprofessional	\$105	3.0
Peterson, Lance	Director	\$545	4.1
Brown, Walton	Managing Director	\$625	1.2
Ozawa, Michael	Sr Managing Director	\$750	0.4

Peterson block-billed 1.5 hours (\$817.50 charge) on 5/5 and 0.9 hour (\$490.50 charge) on 5/10.

## 3. FTI produced no record of conflicts check

## 4. Tasks Performed During the Period

After numerous hours billed for preparation and review of fee statements, FTI omitted an entire work category – Trustee Report – from its list of tasks it had billed for during the period. Page 1 of May fee statement (page 32 of the GVR Final Fee App PDF document) does not include trustee reporting in the lists of tasks performed despite FTI's billing 22.1 hours for the task with a resulting charge of \$12,187 to GVR.

Task	Time Total	Fee Total
Employment/Fee Application	9.1	\$3,899.50
Schedules and Statements Development/Creditors Matrix	31.2	\$18,148.00
Monthly Operating Reports	10.4	\$5,716.00
Case Administration/Management	6.4	\$3,808.00
Preference Analysis	20.7	\$11,765.50
Claims/Unsecured Creditor List	30.1	\$13,781.00
Executory Contracts	7.8	\$3,900.00
Plan of Reorganization/Disclosure Statement	4.3	\$2,981.50
Trustee Report	22.1	\$12,187.00

a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*<sup>1</sup>

Name	Position	Billing Rate	Hours
Davis, Jeffrey	Consultant	\$280	2.7
Kanafani, Travis	Sr Consultant	\$420	1.6
Peterson, Lance	Director	\$545	9.9
Swint, William	Managing Director	\$675	3.8
Brown, Walton	Managing Director	\$625	10.6
Ozawa, Michael	Sr Managing Director	\$750	3.5

Brown block-billed 1.3 hour (\$812.50) on 5/8 and 0.8 hour (\$500) on 5/9.

Peterson block-billed 0.8 hour (\$436) on 5/8 and 1.5 hour (\$763) on 5/17.

b. Monthly Operating Reports

Managing Director Brown (\$625 rate) billed 0.6 hour for the task (\$187.50) and Director Peterson (\$545 rate) billed 9.8 hours for the task (\$109).

On 5/31, Peterson block-billed 0.8 hour (\$436 charge).

c. Case Administration/Management

Managing Director Brown (\$625 rate) billed 4.0 hours for the task (\$2,500.00) and Director Peterson (\$545 rate) billed 2.4 hours for the task (\$1,308.00).

<sup>1</sup> This review allocated 32.1 hours to the task; FTI allocated 31.2 hours.

No issues.

d. Preference Analysis

Professionals Involved in *Preference Analysis*<sup>2</sup>

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	16.9
Swint, William	Managing Director	\$675	2.8
Brown, Walton	Managing Director	\$625	1.5

Peterson block-billed 2.3 hours on 5/20 (\$1,253.50), 0.6 hour on 5/24 (\$327), 1.4 hour (\$763) and 0.8 hour (\$436) on 5/27, and 1.6 hour on 5/31 (\$872).

Brown block-billed 1 hour on 5/27 (\$625).

e. Claims/Unsecured Creditor List

Professionals Involved in *Claims/Unsecured Creditor List*

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	21.5
Peterson, Lance	Director	\$545	7.8
Brown, Walton	Managing Director	\$625	0.8

Peterson block-billed 0.6 hour (\$327) on 5/11, 0.8 hour (\$436) on 5/12, 0.6 hour (\$327) on 5/24, and 0.9 hour (\$490.50) on 5/26.

f. Executory Contracts

Professionals Involved in *Executory Contracts*

Name	Position	Billing Rate	Hours
Johnson, Alexander	Consultant	\$315	1.8
Peterson, Lance	Director	\$545	6.0

On 5/5, Peterson block-billed 1.7 hour (\$926.50).

Updating lists of contracts and schedules, Director Peterson performed consultant-level work.

<sup>2</sup> This review allocated 20.6 hours to the task; FTI allocated 20.7 hours.

## g. Plan of Reorganization/Disclosure Statement

Professionals Involved in *Plan of Reorganization*<sup>3</sup>

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	0.8
Ozawa, Michael	Sr Managing Director	\$750	2.8

No issues.

## h. Trustee Report

Professionals Involved in *Trustee Report*

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	7.5
Peterson, Lance	Director	\$545	1.1
Brown, Walton	Managing Director	\$625	13.5

No issues.

## 5. Expenses

FTI as FA to Debtors May '11 review memo examines expenses in this statement.

6. FTI produced no record of fee or expense write-down.

## IV. June 1 through June 17 Fees and Expenses

1. FTI produced \$23,520.00 in fees and incurred \$2,470.78 in expenses during the period.
2. Fee/Employment Application
  - e. FTI allocated 5.9 hours to the employment/fee application preparation with a resulting \$3,311.50 charge to GVR. Thus, according to the FTI's allocation, 14.1% of total fees billed to GVR during the period are attributable to the employment/fee application preparation.
  - f. Professionals Involved in *Employment/Fee Application Preparation*

<sup>3</sup> This review allocated 3.5 hours to the task; FTI allocated 4.3. The discrepancy amounts to 0.8 of Brown's billable hour.

g.

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	4.7
Brown, Walton	Managing Director	\$625	1.2

Blended rate for the task at \$600 is evidence of work misallocation. Since no paraprofessional was involved in the fee application preparation, Director Peterson had to perform the most basic tasks.

Peterson block-billed 1.7 hour on 6/3 (\$926.50) and 0.7 hour on 6/7 (\$381.50).

Brown block-billed 0.8 hour on 6/13 (\$500).

3. FTI produced no record of conflicts check

4. Tasks Performed During the Period

Work misallocation issues appear during the period. Director and Managing Directors billed all but 0.7 hours during the period, without an explanation for that allocation of work.

Task	Time Total	Fee Total
Employment/Fee Application	5.9	\$3,311.50
Schedules and Statements Development	9.3	\$5,648.50
Preference Analysis	16.5	\$9,224.50
Executory Contracts	3.7	\$1,880.00
Case Administration/Management	5.5	\$3,237.50
Plan of Reorganization/Disclosure Statement	0.4	\$218.00

a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	3.8
Swint, William	Managing Director	\$675	2.8
Brown, Walton	Managing Director	\$625	2.7

Brown block-billed 0.8 hour on 6/6 (\$500) and 1.9 hours on 6/7 (\$1,187.50). Furthermore, both entries were vague – review, research, and correspondence related to GVR's SOFA.

Peterson block-billed 1.2 hour on 6/7 (\$654) and 2.3 hours on 6/6 (\$1,253.50).



Work allocation issues remain. During the period, Managing Director Swint billed 2.8 hours for processing changes to a schedule and producing exhibits – a task suitable for a consultant. Similarly, Director Peterson billed 2.3 hours for a file review and updating capture templates.

b. Preference Analysis

Professionals Involved in *Preference Analysis*

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	13.6
Brown, Walton	Managing Director	\$625	2.9

Peterson block-billed 2.4 hours on 6/1 (\$1,308), 1.1 hour on 6/2 (\$599.50), 1.1 hour on 6/4 (\$599.50), and 0.8 hour on 6/6 (\$436).

Without any help from consultants, Director Peterson performed mostly consultant-level tasks, such as updating payment analysis schedules.

c. Executory Contracts

Professionals Involved in *Executory Contracts*

Name	Position	Billing Rate	Hours
Johnson, Alexander	Consultant	\$350	0.7
Peterson, Lance	Director	\$545	3.0

Peterson block-billed 0.6 hour on 6/4 (\$327) and 0.7 hour on 6/13 (\$381.50).

Peterson performed work that seems more appropriate for a consultant-level employee.

d. Case Administration/Management

Professionals Involved in *Case Administration*

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	2.5
Brown, Walton	Managing Director	\$625	3.0

Brown block-billed 3.0 hours (\$1,875.00) on 6/8.

No issues.

e. Plan of Reorganization/Disclosure Statement

Director Peterson (\$545 rate) billed 0.4 hour for the task (\$218.00).

No issues.

#### 5. Consolidated FTI as FA to Station Casinos and GVR June '11 Expenses

This review examines FTI's expenses in providing services to Station Casinos and GVR in June 2011.

Expense Category	Cost	Average Per Person Cost
Airfare/Train	\$2,048.32	\$316.39 – per one way flight
Hotel	\$347.75	\$115.92 – per one night stay
Transportation	\$544.83	N/A <sup>4</sup>
Meals	\$122.22	\$11.64
Postage	\$95.67	\$13.67
PACER/Other	\$24	
Total	\$3,182.79 <sup>5</sup>	N/A

#### Aifare

On 6/2, Brown expensed \$1,087.40 roundtrip airfare between Dallas and Reno and \$150 airfare change fee. Was ticket purchased at such a high price point non-refundable and non-transferable?

#### Transportation

On 6/8, Brown expensed \$180 rental car in Reno. Since Brown flew to Reno solely to participate in the hearing, which took less than 3 hours including final preparation and follow ups, renting a car for 2 days (\$90 daily rate) was unnecessary and renting a car for one day at \$180 rental rate appears excessive and unreasonable. Thus, under any scenario, consider reducing Brown's rental car expense reimbursement.

#### PACER

Paul Stewart expensed \$24 on PACER services; however, Paul Stewart has never been mentioned in any of the FTI's applications.

6. FTI produced no record of fee or expense write-down.

#### V. Issues Pertaining to the Entire April 12 through June 17, 2011 Period

Total amount of fees for the time block-billed between April 12 and June 17, 2011 is \$25,440.50.

<sup>4</sup> See FTI as FA to GVR June 1 through June 17 '11 Fee and Expense Tables.xlsx for average cost by subcategory.

<sup>5</sup> \$0.03 discrepancy with the FTI expense figure.

Nancy Rapoport 10/21/11 6:28 AM  
**Comment [2]:** 3% reduction on total block-billed amount is \$763.22.

EXHIBIT B—DESCRIPTION OF FTI'S EXPERTISE AND ORDER AUTHORIZING  
EMPLOYMENT OF FTI

From Docket No. 112 (Application for Order Authorizing Employment of FTI):

**Relief Requested**

10. By this Application, the Debtors seek to employ and retain FTI pursuant to section 327(a) of the Bankruptcy Code, *nunc pro tunc* to August 11, 2009, to perform financial advisory services for the Debtors in these chapter 11 cases.

11. The Debtors are familiar with the professional standing and reputation of FTI. The Debtors understand that FTI has a wealth of experience in providing financial advisory services in restructurings and reorganizations and enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States.

12. On August 11, 2009, FTI was engaged to provide financial advisory services to the Debtors. Since this time, FTI has developed a great deal of institutional

Case 09-52477-gwz Doc 112 Entered 08/13/09 20:13:08 Page 5 of 27

knowledge regarding the Debtors' operations, finance and systems. Such experience and knowledge will be valuable to the Debtors in their efforts to reorganize. Accordingly, the Debtors wish to retain FTI to provide assistance during this case.

13. The services of FTI are deemed necessary to enable the Debtors to maximize the value of their estates and to reorganize successfully. Further, FTI is well qualified and able to represent the Debtors in a cost-effective, efficient and timely manner.

From Docket No. 116 (the Friel Omnibus Declaration):

5     **G.     Application For an Order Pursuant To 11 U.S.C. §§ 327(a) And Fed. R. Bankr. P.**  
 6     **2014(a) And 5002 Authorizing the Employment And Retention of FTI Consulting,**  
 7     **Inc. As Financial Advisors to the Debtors And Debtors In Possession**

8             83.     The Debtors are familiar with the professional standing and reputation of  
 9     FTI Consulting, Inc., together with its wholly owned subsidiaries, agents and independent  
 10    contractors and employees (collectively "FTI"). The Debtors understand that FTI has a wealth of  
 11    experience in providing financial advisory services in restructurings and reorganizations and  
 12    enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases  
 13    on behalf of debtors and creditors throughout the United States.

14            84.     On August 11, 2009, FTI was engaged to provide financial advisory  
 15    services to the Debtors. Since this time, FTI has developed a great deal of institutional  
 16    knowledge regarding the Debtors' operations, finance and systems. Such experience and  
 17    knowledge will be valuable to the Debtors in their efforts to reorganize. Accordingly, the  
 18    Debtors wish to retain FTI to provide assistance during this case.

19            85.     The services of FTI are deemed necessary to enable the Debtors to  
 20    maximize the value of their estates and to reorganize successfully. Further, FTI is well qualified  
 21    and able to represent the Debtors in a cost-effective, efficient and timely manner.

From Docket No. 330 (Order Authorizing Appointment of FTI):

1             **ORDERED** that FTI shall apply for compensation and reimbursement in  
 2    accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code,  
 3    applicable Federal Rules of Bankruptcy Procedure, Local Bankruptcy Rules for the District of  
 4    Nevada, and Orders of the Court, guidelines established by the Office of the United States  
 5    Trustee for the District of Nevada, and such other procedures as may be fixed by Order of this  
 6    Court; and it is further

EXHIBIT C – EXCERPTS OF U.S. TRUSTEE GUIDELINES

U.S. Trustee Guidelines  
Subsection (b)(5):

(5) Reimbursement for Actual, Necessary Expenses. Any expense for which reimbursement is sought must be actual and necessary and supported by documentation as appropriate. Factors relevant to a determination that the expense is proper include the following:

(i) Whether the expense is reasonable and economical. For example, first class and other luxurious travel mode or accommodations will normally be objectionable.

(ii) Whether the requested expenses are customarily charged to non-bankruptcy clients of the applicant.

(iii) Whether applicant has provided a detailed itemization of all expenses including the date incurred, description of expense (e.g., type of travel, type of fare, rate, destination), method of computation, and, where relevant, name of the person incurring the expense and purpose of the expense. Itemized expenses should be identified by their nature (e.g., long distance telephone, copy costs, messengers, computer research, airline travel, etc.) and by the month incurred. Unusual items require more detailed explanations and should be allocated, where practicable, to specific projects.

(iv) Whether applicant has prorated expenses where appropriate between the estate and other cases (e.g., travel expenses applicable to more than one case) and has adequately explained the basis for any such proration.

(v) Whether expenses incurred by the applicant to third parties are limited to the actual amounts billed to, or paid by, the applicant on behalf of the estate.

(vi) Whether applicant can demonstrate that the amount requested for expenses incurred in-house reflect the actual cost of such expenses to the applicant. The United States Trustee may establish an objection ceiling for any in-house expenses that are routinely incurred and for which the actual cost cannot easily be determined by most professionals (e.g., photocopies, facsimile charges, and mileage).

(vii) Whether the expenses appear to be in the nature nonreimbursable overhead. Overhead consists of all continuous administrative or general costs incident to the operation of the applicant's office and not particularly attributable to an individual client or case. Overhead includes, but is not limited to, word processing, proofreading, secretarial and other clerical services, rent,

utilities, office equipment and furnishings, insurance, taxes, local telephones and monthly car phone charges, lighting, heating and cooling, and library and publication charges.

(viii) Whether applicant has adhered to allowable rates for expenses as fixed by local rule or order of the Court.



EXHIBIT D—EXCERPTS OF FEE REVIEWS INDICATING  
PATTERNS OF REMAINING ISSUES

## Excerpts of FTI Fee Applications Demonstrating Remaining Issues

## At-issue part of the November 2009 review:

Issue: allocation of work to complete the 2015 Reports.

## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: July 7, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for November 1 through November 30, 2009

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's fourth monthly fee application. FTI is requesting \$130,012.00 in fees (80% of \$162,515.00 in total fees in accordance with the interim compensation order) and \$8,000.28 in expenses.

Review, page 3:

## c. 2015 Reports

## Professionals Involved in 2015 Reports

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	58.0
Brown, Walton	Managing Director	\$625	43.6

Some of the work performed by the professionals seems mechanical in nature on its face, and thus raises leverage issues. On 11/9/09, Brown billed 5.5 hours (2.7 and 2.8 hour entries) to rework parts of the 2015 report to include explanatory notes and re-space data (\$3,437.50 charge). On 11/16/09, Brown billed 5.2 hours (2.3 and 2.9 hour entries) to assemble 2015 report binder (\$3,250 charge). Similarly, between 11/19/09 and 11/30/09, Kanafani billed 8.1 hours creating 2015 report support binder (\$3,402 charge).

## d. Monthly Operating Reports

## Professionals Involved in Monthly Operating Reports

Name	Position	Billing Rate	Hours
Peterson, Lance	Sr Consultant	\$455	13.4
Kanafani, Travis	Sr Consultant	\$420	11.2
Brown, Walton	Managing Director	\$625	22.1
Vallerie, James	Sr Managing Director	\$710	1.8

Nancy Rapoport 7/22/11 4:35 PM

Comment [3]: walt, can we please discuss whether these tasks could have been pushed down to a lower-cost biller?

At-issue parts of the December 2009 review:

# MEMORANDUM

To: Nancy Rapoport  
 From: Roman Borisov  
 Date: July 13, 2011  
 Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for December 1 through December 31, 2009

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's fifth monthly fee application (Dkt. No. 891). FTI is requesting \$127,926.40 in fees (80% of \$159,908.00 in total fees in accordance with the interim compensation order) and \$9,502.08 in expenses.

Review, page 2:

## b. 2015 Reports

### Professionals Involved in 2015 Reports

Name	Position	Billing Rate	Hours
Peterson, Lance	Sr Consultant	\$455	1.4
Brown, Walton	Managing Director	\$625	9.4

Between 12/14 and 12/15 2009, Brown billed 9.4 hours for consolidation of duplicate copies of 2015 report (\$5,875 charge) – a job that sounds rather manual and best suited for a paraprofessional.

Nancy Rapoport 7/22/11 4:41 PM

Comment [2]: Let's discuss this one, too.

Nancy Rapoport 10/31/11 6:42 PM

**Comment [1]:** "Manual" in this page's description should have been "menial." FTI has explained that the work itself was not menial. What it has not explained is why, as these cases developed and it became aware of what the work was likely to be each month, it did not begin to change its staffing in order to push work down to the lowest reasonable biller.

Review, page 3:

## c. Monthly Operating Reports

### Professionals Involved in Monthly Operating Reports

Name	Position	Billing Rate	Hours
Peterson, Lance	Sr Consultant	\$455	19.7
Kanafani, Travis	Sr Consultant	\$420	0.7
Brown, Walton	Managing Director	\$625	5.9
Vallerie, James	Sr Managing Director	\$710	0.7

Peterson's "prepare support binder" entries totaling 8.8 hours seem high (\$4,004.00 charge)<sup>3</sup>. On its face, the task appears manual, requiring low level of skill.

Nancy Rapoport 7/22/11 4:42 PM

Comment [3]: And this one.

Nancy Rapoport 10/31/11 6:43 PM

**Comment [2]:** "Manual" in this screen shot should also have been "menial." The same staffing question applies: at what point should a professional rearrange its staffing so that the lowest reasonable biller is doing the work?

## d. Liquidation Analysis

### Professionals Involved in Liquidation Analysis

Name	Position	Billing Rate	Hours
------	----------	--------------	-------

Review, page 3:

e. Schedules and Statements Development and Case Administration Management

The two tasks are reviewed together.

Professionals Involved in *Schedules and Statements Development and Case Management/Administration*

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	10.3
Peterson, Lance	Sr Consultant	\$455	9.6
Swint, William	Director	\$550	25.8
Brown, Walton	Managing Director	\$625	30.9

Brown made 6 vague "review and response to emails (voicemails) related to Station Casinos" entries totaling 3.1 hours (\$1,937.50 charge).<sup>4</sup> Additionally, the work performed on the task

Nancy Rapoport 10/31/11 7:12 PM

**Comment [3]:** Although our spreadsheet does not count these "review and respond" emails as proposed reductions, it would have been useful for FTI to have inserted a general "re: \_\_\_\_\_" in its descriptions.

Review, page 4:

raises questions about workload allocation because the directors billed 48.3<sup>5</sup> hours for Schedules and Statements Development while the consultants billed mere 19.9 hours.

Nancy Rapoport 7/22/11 4:43 PM  
Comment [4]: And this one.

Nancy Rapoport 10/31/11 7:12 PM

**Comment [4]:** It is FTI's burden of proof that its choice of which professional to use was "reasonable" pursuant to Section 330(a)(3).

6. Expenses

## At-issue parts of the January 2010 review:

## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: July 15, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for January 1 through January 31, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's sixth monthly fee application (Dkt. No. 1030). FTI is requesting \$158,652.00 in fees (80% of \$198,315.00 in total fees in accordance with the interim compensation order) and \$14,075.98 in expenses.

Review, page 3:

## c. 2015 Reports

## Professionals Involved in 2015 Reports

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	17.7
Peterson, Lance	Director	\$455	7.9
Brown, Walton	Managing Director	\$625	31.8

Disproportionate amount of hours billed by the managing director for the task raises workload allocation issues. Specifically, Brown's entries on 1/4/10 that read "Assembly of office copy of Station Casinos 2015 report ..." seem as a low-skill-level work (8 hours; \$5,000 charge).<sup>4</sup> Further, by inputting balance sheet information for 2015 report, higher-rate Brown performed the same task as lower-rate Kanafani had performed before him.<sup>3</sup>

Review, page 5:

Similarly, Peterson's 1/26 expenses are of questionable validity because he recorded only 0.6 hours that day but incurred \$25.89 meal expense and \$144.85 hotel expense.

At-issue parts of the February 2010 review:

MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: July 17, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for February 1 through February 28, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's seventh monthly fee application (Dkt. No. 1149). FTI is requesting \$149,045.60 in fees (80% of \$186,307.00 in total fees in accordance with the interim compensation order) and \$14,682.51 in expenses.

Review, page 3:

only yield 8.7 hours<sup>5</sup> in written-off travel hours but not the 23.4 hours FTI claimed to have written-off plus a number of hours needed to write-off the additional \$3,946.50 reduction. In sum, FTI needs to substantiate the stated reductions, otherwise, the numbers just do not add up.

b. Claims Management

Name	Position	Billing Rate	Hours
Swint, William	Director	\$550	14.0
Peterson, Lance	Director	\$455	1.3
Brown, Walton	Managing Director	\$625	31.2

While a managing director billing the lion's share of fees for a project raises issues of work allocation,<sup>6</sup> here, only one entry can be singled out as work with improper leverage – the 1.6 hour Brown billed on 2/25/10 for "preparation of claim reconciliation processing forms." (\$1,000 charge).

c. 2015 Reports

Professionals Involved in 2015 Reports

Name	Position	Billing Rate	Hours <sup>7</sup>
Kanafani, Travis	Sr Consultant	\$420	81.3
Peterson, Lance	Director	\$455	26.0
Brown, Walton	Managing Director	\$625	18.7

The only issue is leverage. Peterson billed 6.1 hours for preparation of a support binder – seemingly, a low-skill-level function (\$2,775.50 charge).<sup>8</sup>

d. Monthly Operating Reports

Professionals Involved in Monthly Operating Reports

Name	Position	Billing Rate	Hours <sup>9</sup>
Kanafani, Travis	Sr Consultant	\$420	2.3
Peterson, Lance	Director	\$455	14.0
Brown, Walton	Managing Director	\$625	10.5
Ozawa, Michael	Sr Managing Director	\$750	28.8

Nancy Rapoport 7/22/11 4:53 PM

Comment [2]: Walt, let's talk about this.

Nancy Rapoport 7/22/11 4:53 PM

Comment [3]: Walt, was there a need to do these forms at your level?

Nancy Rapoport 7/22/11 4:54 PM

Comment [4]: Let's discuss.

Nancy Rapoport 10/31/11 7:27 PM

**Comment [5]:** The issue here is not so much why someone on the team performed certain services given the knowledge base of others who were on that team. The issue is why FTI did not reconfigure its team to bring in more appropriate workers. In discussions with FTI about this report, I acknowledged the explanations of the staffing choices; however, this Court may wish to inquire about FTI's decision not to reconfigure its team to push work down to the lowest reasonable biller.

## At-issue parts of the March 2010 review:

## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: July 21, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for March 1 through March 31, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's eighth monthly fee application (Dkt. No. 1351). FTI is requesting \$220,764.60 in fees (80% of \$275,955.00 in total fees in accordance with the interim compensation order) and \$12,315.96 in expenses.

Review, page 3:

Nancy Rapoport 10/31/11 7:30 PM

**Comment [6]:** The issue is FTI's decision not to reconfigure its team.

## b. 2015 Reports

## Professionals Involved in 2015 Reports

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	40.6
Peterson, Lance	Director	\$455	11.9
Ozawa, Michael	Sr Managing Director	\$750	10.0

On 3/10 and 3/11, Peterson billed 1.2 and 1.9 hours, respectively, to update support binders – a seemingly low-skill level task makes those entries questionable (\$1,410.50 charge).



At-issue parts of the April 2010 review:

# MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: July 22, 2011

Re: FTI (as Financial Advisor to Debtors) Monthly Fee Application for April 1 through April 30, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's ninth monthly fee application (Dkt. No. 1506). FTI is requesting \$160,642.40 in fees (80% of \$200,803.00 in total fees in accordance with the interim compensation order) and \$14,147.46 in expenses.

Review, page 3:

## c. Monthly Operating Reports

### Professionals Involved in Monthly Operating Reports

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	2.9
Peterson, Lance	Director	\$455	30.1
Brown, Walton	Managing Director	\$625	7.5
Ozawa, Michael	Sr Managing Director	\$750	4.2

On 4/19 and 4/21, Peterson billed 5.9 hours to prepare and update support binders.<sup>4</sup> Performance by Peterson of this seemingly basic work raises work allocation issues.

## e. Claims Management

Professionals Involved in *Claims Management*<sup>5</sup>

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	46.0
Peterson, Lance	Director	\$455	62.7
Brown, Walton	Managing Director	\$625	141.3
Swint, William	Director	\$550	14.5

FTI's work allocation is troubling. All but 46 hours of this 264.5-hour task have been billed by director-level employees, with the managing director billing over 50% of total hours for the task.

Specifically, between 4/26/10 and 4/28/10, Brown billed 20.7 hours (\$12,937.50) for "review, system input and scanning" of Station Casino's professionals' responses to various claims.<sup>6</sup> Work allocation issues arise within those block-billed entries. Arguably system input and definitely scanning should have been performed by professionals with a lower level of expertise.

Nancy Rapoport 8/10/11 5:56 PM

Comment [2]: wait, let's talk about leverage issues here, too.

<sup>4</sup> 1.8, 0.5, and 2.2 hours on 4/19 and 1.4 hours on 4/21.

<sup>5</sup> The review allocated 264.5 hours to the task, 2.5 hours more than the FTI allocation.

<sup>6</sup> 3.0 and 2.8 hours on 4/26; 3.2, 2.7, and 2.8 hours on 4/27, and 3.3 and 2.9 hours on 4/28.

Review, page 4:

Low daily billable hours while in Las Vegas

On 4/18/10, Brown expensed a dinner (\$15.10) and a hotel stay (\$89.60 daily rate) while billing 0 hours. Was it necessary to travel to Las Vegas on 4/18 rather than 4/19?

Nancy Rapoport 10/31/11 7:33 PM

Comment [7]: This next issue involves the Extra On-Site Expenses.

## At-issue parts of the May 2010 review:

## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: July 24, 2011

Re: FTI (as Financial Advisor to Debtors) Monthly Fee Application for May 1 through May 31, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's tenth monthly fee application (Dkt. No. 1809). FTI is requesting \$168,780.00 in fees (80% of \$210,975.00 in total fees in accordance with the interim compensation order) and \$11,487.67 in expenses.

Review, page 3:

## f. Claims Management

Professionals Involved in *Claims Management*<sup>3</sup>

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	106.0
Peterson, Lance	Director	\$455	94.1
Brown, Walton	Managing Director	\$625	87.9
Swint, William	Director	\$550	21.4

Misallocation of work is a major issue with Claims Management. Kanafani and Peterson billed 97 hours for inputting new claims data received from Station's management and *scanning* those responses in the database. While inputting data in the claims database may demand Kanafani's or Peterson's level of expertise, routine scanning of documents is best left for paraprofessionals. The professionals' block-billed entries for the task prevent separation of the data input and the scanning parts. Therefore, the table below represents cumulative weekly hours billed for the data input and scanning:

	5/5/10 – 5/7/10	5/12/10 – 5/14/10	5/17/10 – 5/21/10	5/24/10 – 5/25/10
Kanafani	14.3	13.7	23.0	10.9
Peterson	11.1	10.0	10.7	3.3

Cumulative charge for the entries is \$41,968.50.

Nancy Rapoport 10/31/11 7:36 PM

**Comment [8]:** Again, although I understand FTI's explanation of why it used the professionals that it did, I still do not understand why FTI did not reconfigure its team to better allocate its workload.

Nancy Rapoport 8/10/11 6:10 PM  
Comment [2]: Walt, these, too.

Review, page 4:

Low daily billable hours

On 5/12/10, while billing only 3 hours, Brown expensed \$89.60 in hotel stay and \$40.70 in meals.

On 5/18/10 – 5/19/10, while billing only 3.9 hours, Brown expensed \$199.36 in hotel stay and \$59.53 in meals.

At-issue parts of the June 2010 review:

MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: July 26, 2011

Re: FTI (as Financial Advisor to Debtors) Monthly Fee Application for June 1 through June 30, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's eleventh monthly fee application (Dkt. No. 1951). FTI is requesting \$268,913.60 in fees (80% of \$336,142.00 in total fees in accordance with the interim compensation order) and \$16,700.89 in expenses. FTI separated fees for the period according to clients. FTI billed Station Casinos, Inc. \$325,883.50 and GV Ranch Station Inc. \$10,258.50.

Review, page 4:

g. Claims Management

Professionals Involved in *Claims Management*<sup>9</sup>

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	2.7
Peterson, Lance	Director	\$455	22.7
Brown, Walton	Managing Director	\$625	55.5
Swint, William	Director	\$550	15.3
Ozawa, Michael	Sr Managing Director	\$750	2.1

<sup>7</sup> Based on recovered 61.6 out of 63.3 hours allocated to the task by FTI.

<sup>8</sup> Based on 8.6 hours assigned to the task by this review. FTI allocated 7.0 hours to the task.

<sup>9</sup> Based on recovered 98.3 out of 99.1 hours allocated to the task by FTI.

4

Review, page 5:

Managing director billing 55.5 out of the recovered 98.3 hours for the task creates a presumption of improper work allocation. Besides that, Peterson's 1.1 hour entry on 6/1/10 is raises the issue of work misallocation (\$500.50 charge). A director-level professional's skills are not best applied at "scanning claim responses into database." Similarly, Swint's 6/9/10 2.3 hours loading missing claim images into Station's system should have been billed by a junior consultant (\$1,265.00 charge).

Review, page 6:

Consider disallowing Kanafani's 5/31/10 expenses. Kanafani expensed \$29.66 dinner, \$25.00 lunch, incurred \$49 in prorated rental car expense and \$90.60 in prorated hotel charges, yet, recorded 0 billable hours on 5/31/10.<sup>12</sup>

Consider disallowing Kanafani's 6/27/10 expenses. Kanafani expensed \$9.74 lunch and \$18.85 dinner, yet, recorded 0 billable hours on 6/27 and only 4.9 hours on 6/28.<sup>13</sup>

Kanafani's 6/27/10 roundtrip airfare expense entry for \$523.40 greatly exceeds his normal fare of about \$347. Also, the entry is misleading – other expense entries suggest that Kanafani flew *from* and *to* Las Vegas on 6/24 and 6/27, rather than “to and from Las Vegas.” Was that a flight between Las Vegas and Kanafani's place of residence (LA) or some other destination?

Throughout the period, Kanafani's taxi fares cost around \$40, however, Kanafani's 6/6/10 cab ride resulted in \$110 expense.

The necessity of Johnson's presence in Las Vegas between 6/28 and 6/30 is questionable. While expensing about \$630 of transportation and food costs plus hotel room<sup>14</sup>, Johnson billed only 5.9 hours in the three working days.

Similarly, the necessity of Brown's presence in Las Vegas between on 6/8 – 6/9 and between 6/22 and 6/24 is questionable. Brown billed 3.6 hours between 6/8 and 6/9 and expensed \$50 in food costs and \$89.60 prorated single night room charge.<sup>15</sup>

<sup>10</sup> See FTI as FA to Debtor's (SC Inc) June '10 Fee and Expense Tables.xlsx for average cost by subcategory.

<sup>11</sup> \$0.20 discrepancy with the FTI expense figure.

<sup>12</sup> Transportation expenses are purposefully omitted above.

<sup>13</sup> Thus, there was no rush to get to Las Vegas on 6/27.

<sup>14</sup> Two night hotel stay averaged \$180 during the period. However, since Johnson remained in Las Vegas till 7/1, his 7/1 billable hours and expenses will be considered in the July '10 review memo.

At-issue parts of July 2010 review:

MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: August 1, 2011

Re: FTI (as Financial Advisor to Debtors) Monthly Fee Application for July 1 through July 31, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's twelfth monthly fee application (Dkt. No. 2127). FTI is requesting \$178,906.40 in fees (80% of \$223,633.00 in total fees in accordance with the interim compensation order) and \$16,192.88 in expenses. FTI separated fees for the period according to clients. FTI billed Station Casinos, Inc. \$222,129.50 and GV Ranch Station Inc. \$1,503.50.

Review, page 6:

Disallowing expenses due to low billable hours

Consider disallowing Johnson's 7/6/10 – 7/9/10 expenses. Johnson billed only 11.1 hours during the four working days while incurring \$966 in expenses. On 7/8/10, Johnson billed mere 1 hour. It is doubtful that Johnson's expenses were reasonable and necessary to perform such negligible amount of work.

Consider disallowing Johnson's 7/14 and 7/15 food and hotel expenses. Johnson billed only 8.3 hours during the two working days while expensing \$97 in meals and \$179.20 in hotel stay.

Consider disallowing Johnson's 7/20 food and hotel expenses. Johnson billed only 2 hours on that day while expensing \$11.50 breakfast and \$89.60 in hotel stay.

## At-issue parts of August 2010 review:

## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: August 9, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for August 1 through August 31, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's thirteenth monthly fee application (Dkt. No. 2221). FTI is requesting \$381,843.20 in fees (80% of \$477,304.00 in total fees in accordance with the interim compensation order) and \$31,579.26 in expenses. FTI separated fees for the period according to clients. FTI billed Station Casinos, Inc. \$477,090.00 and GV Ranch Station Inc. \$214.00.

Review, page 4:

## e. Claims Management

Professionals Involved in *Claims Management*<sup>4</sup>

Name	Position	Billing Rate	Hours
Smith, Joshua	Consultant	\$270	13.2
Johnson, Alexander	Consultant	\$350	14.6
Kanafani, Travis	Sr Consultant	\$420	8.0
Peterson, Lance	Director	\$545	51.6
Swint, William	Director	\$550	40.7
Brown, Walton	Managing Director	\$625	95.1
Ozawa, Michael	Sr Managing Director	\$750	2.8

Director-level professionals billing the lion's share of hours attributed to the task raise a presumption of improper work allocation. Director-level professionals billed 190 out of 226 hours spent on the task.



Review, page 4:

e. Claims Management

Professionals Involved in *Claims Management*<sup>4</sup>

Name	Position	Billing Rate	Hours
Smith, Joshua	Consultant	\$270	13.2
Johnson, Alexander	Consultant	\$350	14.6
Kanafani, Travis	Sr Consultant	\$420	8.0
Peterson, Lance	Director	\$545	51.6
Swint, William	Director	\$550	40.7
Brown, Walton	Managing Director	\$625	95.1
Ozawa, Michael	Sr Managing Director	\$750	2.8

Director-level professionals billing the lion's share of hours attributed to the task raise a presumption of improper work allocation. Director-level professionals billed 190 out of 226 hours spent on the task.

Review, page 6:

Johnson entered a hotel charge for 8/9 through 8/13; however, according to Johnson's flight entry found in July app, he flew out on 8/12. Further, Johnson recorded only 3.5 hours on 8/9, 3.1 hours on 8/10, 1.2 hours on 8/11, 2.3 hours on 8/12, and 4.6 hours on 8/13. Thus, Johnson produced only 14.7 billable hours during the 5-day workweek. At the same time, Johnson billed Estate in excess of \$200 in meals, \$415 in airfare, \$45 in taxi services, and \$448 in hotel stay for a total of \$1,108.

Consider reducing reimbursement of Johnson's expenses incurred between 8/30 and 9/2. During the 4-day period, Johnson billed only 16 hours, yet incurred \$171 in food expenses, \$353 in airfares, \$32 in parking fees, and \$199 in hotel stay expenses for a total of \$755. On 9/2, Johnson billed 1.8 hours.

Consider disallowing Johnson's 9/13 – 9/17 flight expense for \$237.40. Johnson entered \$261.52 airfare expense for a roundtrip flight on 9/7 – 9/17; however, Johnson already had expensed 9/13 – 9/17 airfare in August (\$237.40). Furthermore, Johnson incurred car expenses for 9/7 – 9/17 rental period and airport parking expenses for the same period. Finally, Johnson checked in a hotel and expensed \$43.21 dinner on 9/12. Thus, it appears Johnson never used the flight for 9/13 – 9/17.

Consider disallowing/reducing reimbursement of Lidji's expenses incurred between 8/10 and 8/12. During the 3-day period, Lidji billed only 6.5 hours, yet incurred \$116 in food expenses, \$839 in airfare, \$254 in taxi expenses, and \$187 in hotel stay expenses for a total of \$1,396. On 8/11, Lidji billed 0 hours, and on 8/12, Lidji billed 1.5 hours.

Consider disallowing reimbursement of Lidji's 8/16 expenses. While billing 0 hours, Lidji expensed \$69 in meals, including \$34 dinner, and \$92 in prorated hotel stay.

Review, page 7:

Consider disallowing/reducing reimbursement of Shah's expenses incurred between 8/9 – 8/13. During the 5-day period, Shah billed only 5.9 hours, yet incurred \$139 in food expenses, \$370 in airfares, \$96 in taxi expenses, and \$615 in hotel stay expenses for a total of \$1,220. Between 8/10 and 8/12, Shah billed 0 hours.

Consider disallowing/reducing reimbursement of Shah's expenses incurred between 8/16 – 8/19. During the 4-day period, Shah billed only 11 hours, yet incurred \$102 in food, \$486 in airfare, \$158 in taxi, and \$267 in hotel expenses for a total of \$1,013. On 8/17 and 8/18, Shah billed 0 hours.

Consider disallowing/reducing reimbursement of Shah's expenses incurred between 8/31 – 9/2. During the 3-day period, Shah billed only 4.9 hours, yet incurred \$98 in food and \$226 in prorated hotel expenses for a total of \$324.<sup>8</sup>

Consider reducing reimbursement of Chu's expenses incurred between 8/9 and 8/13. During the 5-day period, Chu billed only 21.7 hours, yet incurred \$169 in food, \$184 in airfare, \$35 in taxi, and \$365 in hotel stay expenses for a total of \$753.

Consider disallowing reimbursement of Chu's expenses incurred on 8/14 and 8/15. During the 2-day period, Chu billed 0 hours, yet incurred \$104 in rental car and \$269 in hotel stay expenses.

**At-issue parts of September 2010 review:**

**MEMORANDUM**

To: Nancy Rapoport

From: Roman Borisov

Date: August 30, 2011

Re: FTT's (as Financial Advisor to Debtors) Monthly Fee Application for September 1 through September 30, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTT will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTT as their financial advisor.
3. This is FTT's fourteenth monthly fee application (Dkt. No. 2242). FTT is requesting \$312,470.40 in fees (80% of \$390,588.00 in total fees in accordance with the interim compensation order) and \$28,651.11 in expenses.

Review, page 5:

Expenses that should be disallowed/reduced due to low billable hours

Consider disallowing Brown's expenses incurred on 9/1 – 9/2. Brown stayed in Las Vegas between 8/30 and 9/2. While Brown billed considerable number of hours on 8/30 and 8/31, he billed 0.6 hours on 9/1 and 0 hours on 9/2. Between 9/1 and 9/2, Brown incurred \$84 in meal, \$25 in prorated airport parking<sup>10</sup>, and \$66 in prorated 1 night hotel stay<sup>11</sup> expenses for a total of \$175.

Consider disallowing Brown's expenses incurred on 9/26 – 9/27. Brown stayed in Las Vegas between 9/26 and 9/30. Between 9/26 and 9/27, Brown billed 0 hours, while expensing \$36 in meals, \$37 in prorated airport parking<sup>12</sup>, and \$266 in prorated 2 nights hotel stay<sup>13</sup> for a total of \$339.

Consider disallowing 50% of \$265.22 Chu's hotel accommodations expense for 8/27 – 8/29. Chu billed 0 hours on 8/28 – 8/29. Thus, Chu's second night stay was not a necessary expense (\$132.61 reduction).

Consider reducing reimbursement of Chu's expenses incurred between 9/7 and 9/10. Chu billed only 18.3 hours during the 4 days in Las Vegas. During the period, Chu expensed \$153 in meals, \$52 in taxi rides, \$312 in hotel stay, and \$257 in airfares for a total of \$774.

Consider reducing reimbursement of Chu's expenses incurred between 9/13 and 9/17. Chu billed only 24 hours during the 5 days in Las Vegas. During the period, Chu expensed \$239 in meals, \$52 in taxi rides, \$424 in hotel stay, and \$257 in airfares for a total of \$972.

At-issue parts of October 2010 review:

MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: September 4, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for October 1 through October 31, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's fifteenth monthly fee application (Dkt. No. 2358). FTI is requesting \$195,011.20 in fees (80% of \$243,764.00 in total fees in accordance with the interim compensation order) and \$18,180.06 in expenses.

Review, page 2:

a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*<sup>4</sup>

Name	Position	Billing Rate	Hours
Smith, Joshua	Consultant	\$270	28.8
Johnson, Alexander	Consultant	\$350	23.6
Kanafani, Travis	Sr Consultant	\$420	28.2
Chu, James	Sr Consultant	\$485	80.7
Peterson, Lance	Director	\$545	66.7
Swint, William	Director	\$550	33.9
Brown, Walton	Managing Director	\$625	107.4
Ozawa, Michael	Sr Managing Director	\$750	10.2

Work allocation among FTI professionals remained an issue: director-level employees billed 218 out of 380 hours.

Review, page 4:

Expenses that should be reduced/disallowed due to 0 or low billable hours

Consider disallowing Johnson's 10/1 expenses. After billing only 3.8 hours on 9/30, it was not necessary and reasonable for Johnson to stay in Las Vegas another day to bill a mere hour on 10/1. Johnson's expenses attributable to 10/1 include \$96.35 in prorated 1 night hotel stay, \$27 in meals, and \$6.57 in additional airport parking (\$129.92).

Consider disallowing/reducing Johnson's expenses between 10/4 and 10/7. During the 4-day stay, Johnson billed only 10.2 hours, billing a mere 1.6 and 0.4 hours on 10/5 and 10/6, respectively. Johnson's time in Vegas cost Estate \$147 in meals, \$26 in parking, \$262 in airfare, and \$264 in hotel expenses (\$699).

Consider disallowing/reducing Johnson's expenses on 10/11 – 10/13. Johnson billed only 4.1 hours during the three days, billing 0 hours on 10/11 and 0.5 hour on 10/13. Estate paid for \$97 in meal and \$308 in prorated hotel expenses (\$405).

Consider disallowing Johnson's expenses on 10/18 – 10/22. Johnson billed only 6.6 hours during his 5-day trip, billing 0 hours on 10/18, 10/20, and 10/21. Estate paid for \$210 in meals, \$58 in airport parking, \$183 in rental car, \$404 in hotel accommodations, and \$225 in airfare expenses (\$1,080).

Consider disallowing/reducing Brown's expenses on 10/6 and 10/7. During the two days, Brown billed 0.8 hours, billing 0 hours on 10/6.<sup>5</sup> Brown incurred a \$32 meal, \$23 prorated parking, and \$132 prorated hotel stay expenses (\$187).

Review, page 5:

Consider reducing Brown's 10/26 expenses. Brown billed a mere 1.2 hours that day. Estate paid for \$24 in meals and \$82 in prorated hotel expense (\$106).

Consider disallowing/reducing Chu's expenses resulting from 10/7 – 10/8 Las Vegas visit. During the stay, Chu billed 2.9 hours on 10/7 and 3.8 hours on 10/8.<sup>6</sup> Estate paid for \$24 in meals, \$85.76 in hotel accommodations, \$215 in airfare, \$43 in cab rides, and \$75 in rental car expenses (\$443).

Consider disallowing/reducing Chu's expenses on 10/11 and 10/12. Chu billed 1 hour on 10/11 and 2.3 hours on 10/12. Estate paid for \$45 in meal and \$208 in prorated hotel expenses (\$253).

Consider disallowing/reducing Chu's 10/26 – 10/29 expenses. Chu billed only 6 hours during his four out of five days in Las Vegas, billing 0 hours on 10/28 and 10/29. Estate paid for \$114 in meal, \$170 in rental car, and \$248 in prorated hotel expenses (\$532).

Consider disallowing Smith's 10/19 – 10/22 expenses. Smith billed a mere 2.8 hours during his four days in Las Vegas. Estate paid for \$189 in meal, \$74 in taxi, \$695 in airfare, and \$269 in hotel expenses (\$1,227).

Consider disallowing Smith's 10/25 – 10/28 expenses. Smith billed 0 hours during his 5 days in Las Vegas. Estate paid for \$107 in meals and \$634 in airfare expenses (\$741).<sup>7</sup>

Consider reducing reimbursement of Kanafani's 10/26 – 10/29 expenses. Kanafani billed only 10.5 hours during the 4 days in Las Vegas. Estate paid for \$160 in meals, \$96 in taxi, \$218 in airfare, and \$304 in hotel expenses.

Consider reducing reimbursement of Peterson's 10/26 – 10/29 expenses. Peterson billed only 10.8 hours during the 4 days in Las Vegas, billing a mere 0.3 hour on 10/28. Estate paid for \$92 in meals, \$31 in taxi, \$338 in hotel, and \$236 in airfare expenses.

At-issue parts of November 2010 review:

MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: September 11, 2011

Re: FTT's (as Financial Advisor to Debtors) Monthly Fee Application for November 1 through November 30, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTT will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTT as their financial advisor.
3. This is FTT's sixteenth monthly fee application (Dkt. No. 2404). FTT is requesting \$57,626.00 in fees (80% of \$72,032.50 in total fees in accordance with the interim compensation order) and \$6,442.01 in expenses.<sup>1</sup>

Review, page 4:

Expenses that should be disallowed/reduced due to insufficient billable hours<sup>5</sup>

Consider reducing Brown's 11/3 – 11/4 expense reimbursement. During the overnight visit, Brown billed only 3.6 hours, none of which were billed for meeting time. Brown incurred \$40 in food, \$41 in transportation, \$508 in airfare, and \$27 in hotel expenses for a total of \$616.

Consider reducing/disallowing Brown's 11/9 – 11/10 expense reimbursement. During the two days, Brown billed a mere 0.8 hour. Brown incurred \$47 in food, \$48 in prorated one night stay hotel, and \$11 in prorated two day airport parking expenses for a total of \$106.

Consider disallowing Chu's 11/1 – 11/5 expense reimbursement. *During the 5-day trip, Chu billed 2.4 hours.* Chu incurred \$189 in food, \$103 in transportation, \$106 in airfare, and \$143 in hotel expenses for a total of \$541.

Consider reducing/disallowing Chu's 11/8 – 11/10 expense reimbursement. During the 3-day trip, Chu billed 5.9 hours. Chu incurred \$132 in food, \$10 in transportation, \$106 in airfare, and \$82 in hotel expenses for a total of \$330.

Consider reducing/disallowing Johnson's 11/2 – 11/5 expense reimbursement. During the 4 days in Las Vegas, Johnson billed 5.6 hours. Johnson incurred \$174 in food, \$97 in prorated transportation, and \$80 in prorated hotel expenses for a total of \$351.

Consider reducing/disallowing Johnson's 11/8 – 11/12 expense reimbursement. During the 5-day trip, Johnson billed mere 6.9 hours. Johnson incurred \$170 in food, \$133 in transportation, \$177 in hotel, and \$109 in airfare expenses for a total of \$589.

Consider reducing Johnson's 11/16 – 11/18 expense reimbursement. During the 3-day period, Johnson billed only 5.9 hours. Johnson incurred \$79 in food, \$54 in prorated hotel, and \$60 in prorated transportation expenses for a total of \$193.

Consider reducing/disallowing Johnson's 11/28 – 11/30 expense reimbursement. During the 3-day period, Johnson billed only 4.2 hours. Johnson incurred \$48 in relevant expenses (food) appearing in this statement.

Consider disallowing/reducing Kanafani's 11/1 – 11/5 expense reimbursement. During the 5 day period, Kanafani billed only 6.9 hours. Kanafani incurred \$225 in food, \$24 in transportation, \$107 in airfare, and \$110 in hotel expenses for a total of \$466.



Consider disallowing Kanafani's 11/8 – 11/12 expense reimbursement. *During the 5-day trip, Kanafani billed a mere 0.3 hour.* Kanafani incurred \$211 in food, \$25 in transportation, \$110 in airfare, and \$161 in hotel expenses for a total of \$507.

Consider disallowing Kanafani's 11/15 – 11/18 expense reimbursement. *During the 4-day trip, Kanafani billed 0 hours.* Kanafani incurred \$189 in food, \$28 in transportation, \$105 in airfare, and \$82 in hotel expenses for a total of \$404.

Consider disallowing Peterson's 11/2 expense reimbursement. On 11/2, Peterson billed just 0.3 hour.<sup>6</sup> Peterson incurred \$27 in food and \$27 in prorated hotel expenses for a total of \$54.

Consider disallowing/reducing Peterson's 11/9 – 11/12 expense reimbursement. During the 4 days, Peterson billed 4.6 hours. Peterson incurred \$88 in food and \$146 in prorated hotel expenses for a total of \$234.

Consider reducing/disallowing Peterson's 11/14 – 11/18 expense reimbursement. During the 5-day trip, Peterson billed 10.1 hours. Peterson incurred \$143 in food, \$26 in transportation, \$108 in hotel, and \$114 in airfare expenses for a total of \$391.

Consider disallowing Smith's 10/25 – 10/28 expense reimbursement. During the 4-day period, Smith billed 0 hours. Smith incurred \$153 in hotel and \$17 in transportation expenses for a total of \$170.

**At-issue parts of December 2010 review:**

**MEMORANDUM**

To: Nancy Rapoport

From: Roman Borisov

Date: September 14, 2011

Re: FTT's (as Financial Advisor to Debtors) Monthly Fee Application for December 1 through December 30, 2010

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTT will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTT as their financial advisor.
3. This is FTT's seventeenth monthly fee application (Dkt. No. 2534). FTT is requesting \$29,748.40 in fees (80% of \$37,185.50 in total fees in accordance with the interim compensation order) and \$3,109.56 in expenses.<sup>1</sup>



Review, page 2:

a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*<sup>2</sup>

Name	Position	Billing Rate	Hours
Johnson, Alexander	Consultant	\$350	1.3
Kanafani, Travis	Sr Consultant	\$420	0.3
Peterson, Lance	Director	\$545	9.0
Brown, Walton	Managing Director	\$625	23.4

Work allocation issues. Director-level employees billed 95% of all hours billed for the task.

b. Monthly Operating Reports

Professionals Involved in *Monthly Operating Reports*

Name	Position	Billing Rate	Hours
Johnson, Alexander	Consultant	\$350	2.0
Peterson, Lance	Director	\$545	8.7

Work allocation issues. Director-level employee billed more than 80% of the hours billed for the task.

Review, page 3:

Expenses that should be disallowed due to zero/low billable hours

Consider disallowing Brown's 11/29 – 11/30 expense reimbursement. During the two days, Brown billed 0 hours. Brown incurred \$17 in food, \$9.50 in prorated transportation, and \$33.60 in prorated hotel expenses for a total of \$60.10.

At-issue parts of January 2011 review:

MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: September 23, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for January 1 through January 31, 2011

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's eighteenth monthly fee application (Dkt. No. 2612). FTI is requesting \$48,246.40 in fees (80% of \$60,308.00 in total fees in accordance with the interim compensation order) and \$3,984.86 in expenses.

Review, page 3:

Expenses that should be reduced/disallowed due to insufficient billable hours

Consider reducing/disallowing Johnson's 1/04 – 1/07 expense reimbursement. During the 4-day period, Johnson billed 4.8 hours. Johnson incurred \$163 in food, \$277 in transportation, \$307 in airfare, and \$226 in hotel expenses for a total of \$973.

Consider reducing/disallowing Peterson's 1/05 food and hotel expense reimbursement. Peterson billed only 2.5 hours that day, yet expensed 3 meals and 1 night hotel stay (\$61).

Consider disallowing Brown's 1/26 – 1/27 expense reimbursement. During the 2-day trip, Brown billed 0.9 hour. Brown incurred \$16 in food, \$46 in transportation, \$416 in airfare, and \$78 in hotel expenses for a total of \$556.50.

Consider disallowing/reducing Peterson's 1/26 – 1/27 food and hotel expense reimbursement. During the 2 days, Peterson billed 2 hours, yet expensed 5 meals (\$41) and 1 night hotel stay (\$87).

Nancy Rapoport 10/8/11 12:24 PM  
Comment [3]: Walt, any reason NOT to disallow these?

## At-issue parts of February 2011 review:

## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: September 25, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for February 1 through February 28, 2011

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's nineteenth monthly fee application (Dkt. No. 2736). FTI is requesting \$62,294.40 in fees (80% of \$77,868.00 in total fees in accordance with the interim compensation order) and \$3,591.50 in expenses.

## Review, page 2:

## a. Schedules and Statements Development and Asset Purchase Agreement

Professionals Involved in *Schedules and Statements Development and Asset Purchase Agreement*<sup>2</sup>

Name	Position	Billing Rate	Hours
Johnson, Alexander	Consultant	\$350	13.2
Kanafani, Travis	Sr Consultant	\$420	12.1
Peterson, Lance	Director	\$545	33.4
Brown, Walton	Managing Director	\$625	64.2

Director-level professionals billing 97.6 out of 122.9 hours for the tasks raise presumption of work misallocation. Most billing entries show Brown and Peterson performing in consultant roles rather than directing or managing.

Review, page 3:

Expenses that should be disallowed due to insufficient billable hours

Consider disallowing/reducing Peterson's 1/31 – 2/1 expense reimbursement. During the overnight trip, Peterson billed 2.5 hours. Peterson incurred \$22 food, \$45 transportation, \$181 airfare, and \$34 hotel expenses for a total of \$282.

Consider disallowing/reducing Peterson's 2/8 – 2/10 expense reimbursement. During the 3 day trip, Peterson billed 6.9 hours. Peterson incurred \$29 food, \$49 transportation, \$114 airfare, and \$109 hotel expenses for a total of \$301.

Consider reducing/disallowing Peterson's 2/22 – 2/24 expense reimbursement. During the 3 day trip, Peterson billed 9.5 hours. Peterson incurred \$37 food, \$79 transportation, \$119 airfare, and \$68 hotel expenses for a total of \$303.

Consider disallowing reducing Peterson's 2/28 – 3/3 expense reimbursement. During the 4 day trip, Peterson billed 3.8 hours. Out of \$435 in total trip expenses, \$125 are in February fee expense statement.<sup>5</sup>

Consider disallowing Kanafani's 2/6 – 2/10 expense reimbursement. During the 5 day trip, Kanafani billed 0 hours, yet incurred \$185 in expenses.

**At-issue parts of March 2011 review:**

**MEMORANDUM**

To: Nancy Rapoport

From: Roman Borisov

Date: September 29, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for March 1 through March 31, 2011

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's twentieth monthly fee application (Dkt. No. 2945). FTI is requesting \$173,970.40 in fees (80% of \$217,463.00 in total fees in accordance with the interim compensation order) and \$18,131.68 in expenses.

Review, page 5:

Expenses that should be disallowed due to insufficient billable hours

Consider disallowing/reducing Brown's 3/1 – 3/3 food, hotel, and airport parking expense reimbursement. During the 3 days, Brown billed 3 hours. Brown incurred \$72 in food, \$165 in prorated hotel, and \$28 in prorated airport parking expenses for a total of \$265.

Consider disallowing/reducing Brown's 3/8 – 3/10 food, hotel, and airport parking expense reimbursement. During the 3 days, Brown billed 3.1 hours. Brown incurred \$22 in food, \$64 in prorated hotel, and \$9 in prorated airport parking expenses for a total of \$95.

Consider disallowing Brown's 3/15 – 3/17 expense reimbursement. During the 3-day trip, Brown billed 2.1 hours. Brown incurred \$8 in food, \$252 in airfare, \$33 in transportation, and \$26 in hotel expenses for a total of \$319.<sup>7</sup>

Consider disallowing/reducing Johnson's 3/2 – 3/3 expense reimbursement. During the 2 days, Johnson billed 0.5 hour. Johnson incurred \$76 in food, \$91 in prorated transportation, and \$65 in prorated hotel expense for a total of \$232.

Consider disallowing Johnson's 3/9 – 3/11 expense reimbursement. During the 3-day trip, Johnson billed 0 hours. Johnson incurred \$108 in food, \$233 in airfare, \$20 in transportation, and \$135 in hotel expenses for a total of \$496.

Consider reducing Kanafani's 3/9 food expense reimbursement. On 3/9, Kanafani billed 0 hours, yet enjoyed 3 meals resulting in \$54 expense.

Consider disallowing/reducing Peterson's 2/28 – 3/3 expense reimbursement. During the 4-day trip, Peterson billed 3.8 hours. Peterson incurred \$108 in food, \$22 in transportation, \$102 in airfare, and \$203 in hotel expenses for a total of \$435, of which \$310 are in March expense statement and \$125 are in February expense statement.

Consider disallowing/reducing Peterson's 3/7 – 3/9 expense reimbursement. During the 3-day trip, Peterson billed 5.8 hours. Peterson incurred \$47 in food, \$251 in airfare, \$64 in transportation, and \$136 in hotel expenses for a total of \$498.

Consider disallowing Swint's 2/28 – 3/3 expense reimbursement. During the 4-day trip, Swint billed 2.3 hours. Swint incurred \$113 in food, \$488 in airfare, \$41 in transportation, and \$241 in hotel expenses for a total of \$883.

Consider disallowing Swint's 3/7 – 3/10 expense reimbursement. During the 4-day trip, Swint billed 2.2 hours. Swint incurred \$109 in food, \$475 in airfare, \$41 in transportation, and \$241 in hotel expenses for a total of \$866.

Nancy Rapoport 10/9/11 12:31 PM  
Comment [3]: Wait, any reason NOT to disallow these?

Review, page 6:

Consider reducing/disallowing Swint's 3/21 – 3/24 expense reimbursement. During the 4-day trip, Swint billed 7.4 hours. Swint incurred \$86 in food, \$556 in airfare, \$41 in transportation, and \$146 in hotel expenses for a total of \$829.

Nancy Rapoport 10/9/11 12:31 PM  
Comment [4]: Same question here.

## At-issue parts of April 2011 review:

## MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: October 8, 2011

Re: FTT's (as Financial Advisor to Debtors) Monthly Fee Application for April 1 through April 30, 2011

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTT will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTT as their financial advisor.
3. This is FTT's twenty first monthly fee application (Dkt. No. 3207). FTT is requesting \$201,864.80 in fees (80% of \$252,331.00 in total fees in accordance with the interim compensation order) and \$16,057.56 in expenses. FTT's application contains fees and expenses for services rendered to Aliante and GVR (Prepack Debtors).<sup>1</sup> Prepack Debtors' fees are subject of a separate review. This review examines fees and expenses for services rendered to Station Casinos (Debtors and Debtors in Possession). FTT billed Station Casinos \$143,145.00 in fees and incurred \$9,833.50 in expenses. However, since the break-up of expenses incurred in providing services to all the Debtors above were difficult to construe, FTT's expenses are reviewed for reasonableness in their totality (\$16,057.56 of expenses) in light of the total billable hours produced by FTT during the period in providing services to all the Debtors. Examination of the propriety of expense allocation among the Debtors completes this review.

## Review, page 2:

## a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*<sup>2</sup>

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	14.3
Peterson, Lance	Director	\$545	33.3
Swint, William	Managing Director	\$675 <sup>3</sup>	25.1
Brown, Walton	Managing Director	\$625	51.4

Director-level professionals billing all but 14.3 hours of the 100+ hour task raises a presumption of work misallocation. According to FTT's records, the blended billing rate for the task is \$600.<sup>4</sup> Most of the work performed by directors and managing directors could have been and previously had been performed by consultant-level employees. For instance, Peterson and Swint made

Nancy Rapoport 10/15/11 11:54 AM  
 Comment [1]: Walt, let's add this to the list of leverage issues that we need to discuss. Thanks!

Review, page 3:

numerous billing entries for ongoing updates to existing schedules. Brown's reviews of Peterson's reviews seem to require much more time than preparation of actual drafts or Peterson's initial reviews.

Review, page 5:

Consider disallowing reimbursement of \$82.56 of Kanafani's \$123.84 dinner expense on 3/23. Besides Kanafani, Dorfman and Smith were at the dinner. For Smith, that was a second dinner and fourth meal that day, and with Dorfman billing only 3.3 hours that day, necessity and reasonableness of paying for an expensive third meal for Dorfman that day seems doubtful.

Consider disallowing reimbursement of \$23.64 of Swint's \$70.93 dinner expense on 3/28. Dorfman was one of the three people at the dinner, yet he billed only 0.2 hours that day.

Consider disallowing reimbursement of \$62 of Peterson's \$83.02 dinner expense on 3/29. Peterson, Swint, Smith, and Dorfman were present at the dinner. Swint billed 0 hours that day, Peterson billed 3.6 hours but expensed two other meals that day, and for Smith, that was a second dinner and fourth meal that day.



At-issue parts of May 2011 review:

MEMORANDUM

To: Nancy Rapoport

From: Roman Borisov

Date: October 15, 2011

Re: FTI's (as Financial Advisor to Debtors) Monthly Fee Application for May 1 through May 31, 2011

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. The Debtors retained FTI as their financial advisor.
3. This is FTI's twenty second monthly fee application (Dkt. No. 3486).<sup>1</sup> FTI is requesting \$163,258.00 in fees (80% of \$204,072.50 in total fees in accordance with the interim compensation order) and \$10,013.76 in expenses. FTI's application contains fees and expenses for services rendered to Aliante and GVR (Prepack Debtors). Prepack Debtors' fees are subject of a separate review. This review examines fees and expenses for services rendered to Station Casinos (Debtors and Debtors in Possession). FTI billed Station Casinos \$69,828.50 in fees and requested \$2,589.38 in expense reimbursement. FTI's expenses are reviewed for reasonableness in their totality (\$10,013.76 of expenses) in light of total billable hours produced by FTI during the period in servicing all the Debtors. Examination of propriety of expense allocation among the Debtors completes this review.

Review, page 2:



a. Schedules and Statements Development and Asset Purchase Agreement<sup>2</sup>Professionals Involved in *Schedules and Statements Development and Asset Purchase Agreement*

Name	Position	Billing Rate	Hours
Davis, Jeffrey	Consultant	\$280	22.8
Johnson, Alexander	Consultant	\$315	11.4
Peterson, Lance	Director	\$545	46.9
Swint, William	Managing Director	\$675	12.9
Brown, Walton	Managing Director	\$625	9.2

Peterson performed more in the role of consultant rather than director during the period. For instance, on 5/12, Peterson billed 1.1 and 0.4 hours to review and organize support documentation for the schedules and lists he worked on. Additionally, throughout the period,

<sup>2</sup> There was no practical way to attribute most billing entries with certainty to one task versus the other. Thus, this review examines billing entries attributable to either task as if they were billed for the same task. Similar blended billing rates of the tasks suggest that such approach will not lead to considerable distortions in assessing work allocation.

Review, page 3:

Peterson billed for updating various schedules with new data he had received from Station Casinos.

Review, page 4:

Expenses that should be disallowed due to insufficient billable hours<sup>5</sup>

Consider reducing Brown's 5/5 meal expense reimbursement. Brown billed only 2.5 hours that day, yet expensed 3 meals for a total of \$35.

Consider reducing Kanafani's 5/3 – 5/5 expense reimbursement. Kanafani billed only 13 hours during his 3-day trip. Kanafani incurred \$150 food, \$353 transportation, \$225 hotel, and \$405 airfare expenses for a total of \$1,133.

Consider reducing Brown's 5/17 meal expense reimbursement. Brown billed only 4.2 hours that day, yet expensed 3 meals for a total of \$38.

Consider reducing Brown's 5/18 meal expense reimbursement. Brown billed only 3.4 hours that day, yet expensed 3 meals for a total of \$33.

person?

Review, page 5:

Consider disallowing Brown's 5/19 expense reimbursement. Brown billed 1 hour that day for responding to email queries. Brown incurred \$20 in food, \$111 in hotel, and \$19 in transportation expenses for a total of \$150.

**At-issue parts of June 2011 review:**

**MEMORANDUM**

To: Nancy Rapoport

From: Roman Borisov

Date: October 17, 2011

Re: FTI's (as Financial Advisor to Debtors) Final Fee Application for August 13, 2009 through June 17, 2011 (including review of June 2011 fees and expenses)

1. Order Approving Appointment under §327(a) was entered on September 18, 2009 [Dkt. No. 330]. FTI will be billing on an hourly basis, using its standard hourly rates.
  2. The Debtors retained FTI as their financial advisor.
  3. This is FTI's final fee application (Dkt. No. 3549). FTI is seeking an award of \$4,641,799.25 in fees and \$293,402.40 in expenses. Further, FTI is requesting the unpaid balance of fees in the amount of \$318,528.07. Additionally, FTI supplied fees and expense statements for June 1 – 17, 2011 in this application. Since FTI filed no separate fee application for June 2011, this review examines propriety of fees produced and expense incurred by FTI in June 2011.
- I. Final Fee Application Review

The amount of fees and expenses sought in this final application matches that requested in the monthly and interim applications filed for August 2009 through June 2011.

Review, page 2:

d. Claims Objections

Professionals Involved in *Claims Objections*

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	4.8
Swint, William	Managing Director	\$675	11.8
Brown, Walton	Managing Director	\$625	3.6

Review, page 3:

Director-level professionals billing every hour for the task raises presumption of work misallocation. Most of the work performed on the task by Peterson and Swint has been and should have been done by consultant-level professionals. For instance, on 6/7, Swint billed a total of 4.5 hours for processing changes to claim objection data - consultant Smith had performed similar work in prior periods.

**At-issue parts of GVR review:**

**MEMORANDUM**

To: Nancy Rapoport

From: Roman Borisov

Date: October 17, 2011

Re: FTI's (as Financial Advisor to GVR) Final Fee Application for April 12 through June 17, 2011

1. Order Approving Appointment under §§327(a) and 328(a) was entered on June 1, 2011 [Dkt. No. 3345]. FTI will be billing on an hourly basis, using its standard hourly rates.
2. GVR retained FTI as their financial advisor.
3. This is FTI's final fee application (Dkt. No. 3580). FTI is requesting \$160,490.50 in fees and \$10,413.62 in expenses (\$164,002.87 in fees and expenses owed). FTI segmented the fees and expenses for the period into 4 chronological periods:
  - i. April 12,
  - ii. April 13 through April 30,
  - iii. May 1 through May 31, and
  - iv. June 1 through June 17.

This review follows FTI's convention and examines FTI's fees and expenses in the order shown above.

Review, page 3:

## a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*

Name	Position	Billing Rate	Hours
Kanafani, Travis	Sr Consultant	\$420	51.3
Peterson, Lance	Director	\$545	22.9
Swint, William	Managing Director	\$675	14.1
Brown, Walton	Managing Director	\$625	4.5

Kanafani block-billed 1 hour on 4/13 (\$420 charge).

Peterson block-billed 1.2 hour on 4/18 (\$654), 0.6 hour on 4/22 (\$327), and 2.3 hours on 4/27 (\$1,253.50) for a total of 4.1 hours (\$2,234.50).

Work allocation issues remain. During the period, Managing Director Swint performed tasks suitable for a consultant, such as 2.6 hours billed on 4/27 for processing payment information and generating exhibits.

Nancy Rapoport 10/21/11 8:23 AM  
Comment [1]: 3% reduction would be \$67.03.

Review, page 6:

## f. Executory Contracts

Professionals Involved in *Executory Contracts*

Name	Position	Billing Rate	Hours
Johnson, Alexander	Consultant	\$315	1.8
Peterson, Lance	Director	\$545	6.0

On 5/5, Peterson block-billed 1.7 hour (\$926.50).

Updating lists of contracts and schedules, Director Peterson performed consultant-level work.

Review, page 8:

4. Tasks Performed During the Period

Work misallocation issues appear during the period. Director and Managing Directors billed all but 0.7 hours during the period, without an explanation for that allocation of work.

Task	Time Total	Fee Total
Employment/Fee Application	5.9	\$3,311.50
Schedules and Statements Development	9.3	\$5,648.50
Preference Analysis	16.5	\$9,224.50
Executory Contracts	3.7	\$1,880.00
Case Administration/Management	5.5	\$3,237.50
Plan of Reorganization/Disclosure Statement	0.4	\$218.00

a. Schedules and Statements Development

Professionals Involved in *Schedules and Statements Development*

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	3.8
Swint, William	Managing Director	\$675	2.8
Brown, Walton	Managing Director	\$625	2.7

Review, page 9:

Work allocation issues remain. During the period, Managing Director Swint billed 2.8 hours for processing changes to a schedule and producing exhibits – a task suitable for a consultant. Similarly, Director Peterson billed 2.3 hours for a file review and updating capture templates.

b. Preference Analysis

Professionals Involved in *Preference Analysis*

Name	Position	Billing Rate	Hours
Peterson, Lance	Director	\$545	13.6
Brown, Walton	Managing Director	\$625	2.9

Peterson block-billed 2.4 hours on 6/1 (\$1,308), 1.1 hour on 6/2 (\$599.50), 1.1 hour on 6/4 (\$599.50), and 0.8 hour on 6/6 (\$436).

Without any help from consultants, Director Peterson performed mostly consultant-level tasks, such as updating payment analysis schedules.

c. Executory Contracts

Professionals Involved in *Executory Contracts*

Name	Position	Billing Rate	Hours
Johnson, Alexander	Consultant	\$350	0.7
Peterson, Lance	Director	\$545	3.0

Peterson block-billed 0.6 hour on 6/4 (\$327) and 0.7 hour on 6/13 (\$381.50).

Peterson performed work that seems more appropriate for a consultant-level employee.

d. Case Administration Management

EXHIBIT E—CALCULATIONS FOR RECOMMENDED REDUCTIONS

**November '09 Leverage**

Brown

- 2015 Reports –  $5.5 \text{ hours} * \$625 = \$3,437.50$  &  $5.2 \text{ hours} * 625 = \$3,250$ 
  - 50% haircut yields \$1,718.75 fee reduction & 50% haircut yields \$1,625 fee reduction
  - Application of a paraprofessional rate yields  $5.2 * \$105 = \$546$ . Thus, fee reduction of \$2,704.

Kanafani

- 2015 Reports –  $8.1 \text{ hours} * \$420 = \$3,402$ 
  - 50% haircut yields \$1,701 fee reduction
  - Application of paraprofessional rate yields  $8.1 * \$105 = \$850.50$ . Thus, fee reduction of \$2,551.50.

Nancy Rapoport 10/31/11 8:40 PM

**Comment [1]:** Although the Excel spreadsheet shows \$0 as a proposed reduction, much depends on the Court's decision re the propriety of FTI's staffing choices.

Nancy Rapoport 10/31/11 8:40 PM

**Comment [2]:** Same as comment 1.

**December '09 Leverage**

Brown

- 2015 Reports –  $9.4 \text{ hours} * \$625 = \$5,875$ 
  - 50% haircut yields \$2,937.50 fee reduction
  - Application of paraprofessional rate yields  $9.4 \text{ hours} * \$105 = \$987$ . Thus, fee reduction of \$4,888.
- Schedules and Statements Development –  $10.4 \text{ hours} * \$625 = \$6,500$ 
  - 50% fee reduction yields \$3,250 fee reduction
  - Application of sr consultant rate yields  $10.4 * \$420 = \$4,368$ . Thus, fee reduction of \$2,132.

Peterson

- Monthly Operating Reports –  $8.8 \text{ hours} * \$455 = \$4,004$ 
  - 50% haircut yields \$2,002 fee reduction
  - Application of paraprofessional rate yields  $8.8 * \$105 = \$924$ . Thus, fee reduction of \$3,080.

Nancy Rapoport 10/31/11 8:41 PM

**Comment [3]:** Same as comment 1.

Swint

- Schedules and Statements Development –  $25.8 \text{ hours} * \$550 = \$14,190$ 
  - 50% haircut yields \$7,095 fee reduction
  - Application of sr consultant rate yields  $25.8 * \$420 = \$10,836$ . Thus, fee reduction of \$3,354.

Nancy Rapoport 10/31/11 8:42 PM

**Comment [4]:** The Excel spreadsheet shows only \$308 in reductions, based on FTI's explanation of tasks; however, much depends on the Court's decision re the propriety of FTI's staffing choices.



**January '10 Leverage**

Brown

- 2015 Reports –  $14.2 \text{ hours} * \$625 = \$8,875$ 
  - 50% haircut yields \$4,437.50 fee reduction
  - Application of sr consultant rate to the portion of the hours under consideration yields  $6.2 * \$420 = \$2,604$ . Thus, fee reduction of \$1,271.
  - Application of paraprofessional rate to the other portion of the hours under consideration yields  $8 * \$105 = \$840$ . Thus, fee reduction of \$4,160.

Nancy Rapoport 10/31/11 8:43 PM

**Comment [5]:** Same as comment 1.

Swint

- Schedules and Statements Development –  $19.6 \text{ hours} * \$550 = \$10,780$ 
  - 50% haircut yields \$5,390 fee reduction
  - Application of sr consultant rate yields  $19.6 * \$420 = \$8,232$ . Thus, fee reduction of \$2,548.

**February '10 Leverage**

Brown

- Claims Management –  $1.6 \text{ hour} * \$625 = \$1,000$ 
  - 50% haircut yields \$500 fee reduction
  - Application of paraprofessional rate yields  $1.6 * \$105 = \$168$ . Thus, fee reduction of \$832.

Nancy Rapoport 10/31/11 8:43 PM

**Comment [6]:** Same as comment 1.

Peterson

- 2015 Reports –  $6.1 \text{ hours} * \$455 = \$2,775.50$ 
  - 50% haircut yields \$1,387.75 fee reduction
  - Application of paraprofessional rate yields  $6.1 * \$105 = \$640.50$ . Thus, fee reduction of \$2,135.
- Monthly Operating Reports –  $2.6 \text{ hours} * \$455 = \$1,183$ 
  - 50% haircut yields \$591.50 fee reduction
  - Application of paraprofessional rate yields  $2.6 * \$105 = \$273$ . Thus, fee reduction of \$910.

Nancy Rapoport 10/31/11 8:44 PM

**Comment [7]:** Same as comment 1.

### **March '10 Leverage**

Peterson

- 2015 Reports –  $3.1 \text{ hours} * \$455 = \$1,410.50$ .
  - 50% haircut yields \$705.25 fee reduction.
  - Application of paraprofessional rate yields  $3.1 * \$105 = \$325.50$ . Thus, fee reduction of \$1,085.

### **April '10 Leverage**

Brown

- Claims Management –  $70.7 \text{ hours} * \$625 = \$44,187.50$ 
  - 50% haircut yields \$22,093.75 fee reduction.
  - Application of sr consultant rate yields  $70.7 * \$420 = \$29,694$ . Thus, fee reduction of \$14,493.50.

Peterson

- Monthly Operating Reports –  $5.9 \text{ hours} * \$455 = \$2,684.50$ .
  - 50% haircut yields \$1,342.25 fee reduction.
  - Application of paraprofessional rate yields  $5.9 * \$105 = \$619.50$ . Thus, fee reduction of \$2,065.00.

### **May '10 Leverage**

Peterson

- Monthly Operating Reports –  $1.3 \text{ hours} * \$455 = \$591.50$ .
  - 50% haircut yields \$295.75 fee reduction.
  - Application of paraprofessional rate yields  $1.3 * \$105 = \$136.50$ . Thus, fee reduction of \$455.
- Claims Management –  $17.5 \text{ hours} * \$455 = \$7,962.50$ .
  - 50% haircut yields \$3,981.25 fee reduction.
  - Application of paraprofessional rate yields  $17.5 * \$105 = \$1,837.50$ . Thus, fee reduction of \$6,125.

Kanafani

- Claims Management –  $30.9 \text{ hours} * \$420 = \$12,978$ .
  - 50% haircut yields \$6,489 fee reduction.
  - Application of paraprofessional rate yields  $30.9 * \$105 = \$3,244.50$ . Thus, fee reduction of \$9,733.50.

#### June '10 Leverage

Brown

- Claims Management –  $27.7 \text{ hours} * \$625 = \$17,312.50$ .
  - 50% haircut yields \$8,656.25 fee reduction.
  - Application of sr consultant rate yields  $27.7 * \$420 = \$11,634$ . Thus, fee reduction of \$5,678.50.

Peterson

- Claims Management –  $1.1 \text{ hour} * \$455 = \$500.50$ .
  - 50% haircut yields \$250.25 fee reduction.
  - Application of paraprofessional rate yields  $1.1 * \$105 = \$115.50$ . Thus, fee reduction of \$385.

Swint

- Preference Analysis –  $10.5 \text{ hours} * \$550 = \$5,775$ .
  - 50% haircut yields \$2,887.50 fee reduction.
  - Application of sr consultant rate yields  $10.5 * \$420 = \$4,410$ . Thus, fee reduction of \$1,365.
- Claims Management –  $7.6 \text{ hours} * \$550 = \$4,180$ .
  - 50% haircut yields \$2,090 fee reduction.
  - Application of sr consultant rate yields  $7.6 * \$420 = \$3,192$ . Thus, fee reduction of \$988.

#### July '10 Leverage

Brown

- Claims Management –  $53.5 \text{ hours} * \$625 = \$33,437.50$ .
  - 50% haircut yields \$16,718.75 fee reduction.
  - Application of sr consultant rate yields  $53.5 * \$420 = \$22,470$ . Thus, fee reduction of \$10,967.50.

Peterson

- Claims Management –  $1.6 \text{ hours} * \$455 = \$728$ .
  - 50% haircut yields \$364 fee reduction.
  - Application of paraprofessional rate yields  $1.6 \text{ hour} * \$105 = \$168$ . Thus, fee reduction of \$560.

#### August '10 Leverage

Peterson

- Claims Management –  $25.8 \text{ hours} * \$545 = \$14,061$ .
  - 50% haircut yields \$7,030.50 fee reduction.
  - Application of sr consultant rate yields  $25.8 * \$420 = \$10,836$ . Thus, fee reduction of \$3,225.

Swint

- Claims Management –  $20.3 \text{ hours} * \$550 = \$11,165$ .
  - 50% haircut yields \$5,582.50 fee reduction.
  - Application of sr consultant rate yields  $20.3 * \$420 = \$8,526$ . Thus, fee reduction of \$2,639.

Brown

- Claims Management –  $47.5 \text{ hours} * \$625 = \$29,687.50$ .
  - 50% haircut yields \$14,843.75 fee reduction.
  - Application of sr consultant rate yields  $47.5 * \$420 = \$19,950$ . Thus, fee reduction of \$9,737.50.

September '10 Leverage: N/A.

#### October '10 Leverage

Brown

- Schedules and Statements Development –  $53.7 \text{ hours} * \$625 = \$33,562.50$ .
  - 50% haircut yields \$16,781.25 fee reduction.
  - Application of sr consultant rate yields  $53.7 * \$420 = \$22,554$ . Thus, fee reduction of \$11,008.50.

Nancy Rapoport 10/31/11 9:10 PM

**Comment [8]:** These numbers differ from the Excel spreadsheet based on FTI's explanations; ; however, much depends on the Court's decision re the propriety of FTI's staffing choices

### **November '10 Leverage**

Peterson

- Schedule and Statements Development –  $24.2 \text{ hours} * \$545 = \$13,189$ .
  - 50% haircut yields \$6,594.50 fee reduction.
  - Application of sr consultant rate yields \$10,164. Thus, fee reduction of \$3,025.

### **December '10 Leverage**

Brown

- Schedules and Statements Development –  $11.7 \text{ hours} * \$625 = \$7,312.50$ .
  - 50% haircut yields \$3,656.25 fee reduction.
  - Application of sr consultant rate yields  $11.7 * \$420 = \$4,914$ . Thus, fee reduction of \$2,398.50.

Peterson

- Schedules and Statements Development –  $4.5 \text{ hours} * \$545 = \$2,452.50$ .
  - 50% haircut yields \$1,226.25 fee reduction.
  - Application of sr consultant rate yields  $4.5 * \$420 = \$1,890$ . Thus, fee reduction of \$562.50.
- Monthly Operating Reports –  $3.3 \text{ hours} * \$545 = \$1,798.50$ .
  - 50% haircut yields \$899.25 fee reduction.
  - Application of sr consultant rate yields  $3.3 * \$420 = \$1,386$ . Thus, fee reduction of \$412.50.

### **January '11 Leverage**

Swint

- Schedules and Statements Development –  $7.9 \text{ hours} * \$550 = \$4,345$ .
  - 50% haircut yields \$2,172.50 fee reduction.
  - Application of sr consultant rate yields  $7.9 * \$420 = \$3,318$ . Thus, fee reduction of \$1,027.

### February '11 Leverage

Peterson

- Schedules and Statements Development and APA –  $16.7 \text{ hours} * \$625 = \$9,101.50$ .
  - 50% haircut yields \$4,550.75 fee reduction.
  - Application of paraprofessional rate yields  $16.7 \text{ hours} * \$105 = \$1,753.50$ . Thus, fee reduction of \$7,348.

Brown

- Schedules and Statements Development and APA –  $32.1 \text{ hours} * \$625 = \$20,062.50$ .
  - 50% haircut yields \$10,031.25 fee reduction.
  - Application of paraprofessional rate yields  $32.1 \text{ hours} * \$105 = \$3,370.50$ . Thus, fee reduction of \$16,692.

### March '11 Leverage

Swint

- Schedules and Statements Development –  $19.8 \text{ hours} * \$550 = \$10,890$ .
  - 50% haircut yields \$5,445 fee reduction.
  - Application of sr consultant rate yields  $19.8 * \$420 = \$8,316$ . Thus, \$2,574 fee reduction.

### April '11 Leverage

Peterson

- Schedules and Statements Development –  $16.6 \text{ hours} * \$545 = \$9,047$ .
  - 50% haircut yields \$4,523.50 fee reduction.
  - Application of sr consultant rate yields  $16.6 * \$420 = \$6,972$ . Thus, \$2,075 fee reduction.

Brown

- Schedules and Statements Development –  $25.7 \text{ hours} * \$625 = \$16,062.50$ .
  - 50% haircut yields \$8,031.25 fee reduction.
  - Application of sr consultant rate yields  $25.7 * \$420 = \$10,794$ . Thus, \$5,268.50 fee reduction.

Swint

- Schedules and Statements Development –  $12.5 \text{ hours} * \$675 = \$8,437.50$ .
  - 50% haircut yields \$4,218.75 fee reduction.
  - Application of sr consultant rate yields  $19.8 * \$420 = \$5,250$ . Thus, \$3,187.50 fee reduction.

#### **May '11 Leverage**

Peterson

- Schedules and Statements Development –  $31.3 \text{ hours} * \$545 = \$17,058.50$ .
  - 50% haircut yields \$8,529.25 fee reduction.
  - Application of sr consultant rate yields  $31.3 * \$420 = \$13,146$ . Thus, \$3,912.50 fee reduction.

#### **June '11 Leverage**

Peterson

- Claim Objections –  $4.8 \text{ hours} * \$545 = \$2,616$ .
  - 50% haircut yields \$1,308 fee reduction.
  - Application of sr consultant rate yields  $4.8 * \$420 = \$2,016$ . Thus, fee reduction of \$600.

Swint

- Claim Objections –  $11.8 \text{ hours} * \$675 = \$7,965$ .
  - 50% haircut yields \$3,982.50 fee reduction.
  - Application of sr consultant rate yields  $11.8 * \$420 = \$4,956$ . Thus, fee reduction of \$3,009.

#### **April – June '11 GVR Leverage**

Swint

- Schedules and Statements Development –  $7 \text{ hours} * \$675 = \$4,725$ .
  - 50% haircut yields \$2,362.50 fee reduction.
  - Application of sr consultant rate yields  $7 * \$420 = \$2,940$ . Thus, fee reduction of \$1,785.

- Schedules and Statements Development (June) – 2.8 hours \*\$675 = \$1,890.
  - 50% haircut yields \$945 fee reduction.
  - Application of sr consultant rate yields  $2.8 * \$420 = \$1,176$ . Thus, fee reduction of \$714.

Peterson

- Preference Analysis – 8.4 hours \*\$545 = \$4,578.
  - 50% haircut yields \$2,289 fee reduction.
  - Application of sr consultant rate yields  $8.4 * \$420 = \$3,528$ . Thus, fee reduction of \$1,050.
- Executory Contracts – 6 hours \*\$545 = \$3,270.
  - 50% haircut yields \$1,635 fee reduction.
  - Application of sr consultant rate yields  $6 * \$420 = \$2,520$ . Thus, fee reduction of \$750.
- Schedules and Statements Development (June) – 2.3 hours \*\$545 = \$1,253.50.
  - 50% haircut yields \$626.75 fee reduction.
  - Application of sr consultant rate yields  $2.3 * \$420 = \$966$ . Thus, fee reduction of \$287.50.

Brown

- Preference Analysis (June) – 13.6 hours \*\$545 = \$7,412.
  - 50% haircut yields \$3,706 fee reduction.
  - Application of sr consultant rate yields  $13.6 * \$420 = \$5,712$ . Thus, fee reduction of \$1,700.
- Executory Contracts (June) – 3 hours \*\$545 = \$1,635.
  - 50% haircut yields \$817.50 fee reduction.
  - Application of sr consultant rate yields  $3 * \$420 = \$1,260$ . Thus, fee reduction of \$375.



EXHIBIT F—SUMMARY OF OUTSTANDING ISSUES WITH FTI

	Brown proposed reduction on the basis of leverage after agreed-upon reductions (based on recalculating work at the lowest biller's rate)	Kanafani proposed reduction on the basis of leverage after agreed-upon reductions (based on recalculating work at the lowest biller's rate)	Peterson proposed reduction on the basis of leverage after agreed-upon reductions (based on recalculating work at the lowest biller's rate)	Swint proposed reduction on the basis of leverage after agreed-upon reductions (based on recalculating work at the lowest biller's rate)	Expenses	Expenses at issue for Court to determine (e.g., if the debtors' call on staffing while not specifically working on cases) is OK.	Total expenses at issue	Reductions for leverage and expenses <u>other than</u> those incurred due to the Debtors' call on staffing	Reductions for leverage and expenses including those incurred due to the Debtors' call on staffing
Nov 09	\$0.00	\$0.00	\$0.00		\$0.00	\$94.82	\$94.82	\$0.00	\$94.82
Dec 09	\$0.00		\$308.00	\$3,354.00	\$0.00	\$0.00	\$0.00	\$3,662.00	\$3,662.00
Jan 10	\$0.00		\$0.00	\$2,548.00	\$0.00	\$170.74	\$170.74	\$2,548.00	\$2,718.74
Feb 10	\$0.00		\$0.00		\$0.00	\$1,710.72	\$1,710.72	\$0.00	\$1,710.72
Mar 10	\$0.00		\$1,085.00		\$0.00	\$0.00	\$0.00	\$1,085.00	\$1,085.00
Apr 10	\$14,493.50		\$2,065.00		\$0.00	\$0.00	\$0.00	\$16,558.50	\$16,558.50
May 10	\$0.00	\$9,733.50	\$6,580.00		\$0.00	\$389.19	\$389.19	\$16,313.50	\$16,702.69
June 10	\$5,678.50		\$385.00	\$2,353.00	\$0.00	\$362.45	\$362.45	\$8,416.50	\$8,778.95
July 10	\$10,967.50		\$560.00		\$0.00	\$1,343.30	\$1,343.30	\$11,527.50	\$12,870.80
Aug 10	\$0.00		\$3,225.00	\$2,639.00	\$0.00	\$1,108.00	\$1,108.00	\$5,864.00	\$6,972.00
Sept 10	\$0.00		\$0.00		\$0.00	\$4,590.61	\$4,590.61	\$0.00	\$4,590.61
Oct 10	\$11,008.50		\$0.00		\$0.00	\$7,277.68	\$7,277.68	\$11,008.50	\$18,286.18
Nov 10	\$0.00		\$3,025.00		\$0.00	\$4,278.00	\$4,278.00	\$3,025.00	\$7,303.00
Dec 10	\$2,398.50		\$975.00		\$0.00	\$2,760.10	\$2,760.10	\$3,373.50	\$6,133.60
Jan 11	\$0.00		\$0.00	\$1,027.00	\$0.00	\$1,677.50	\$1,677.50	\$1,027.00	\$2,704.50
Feb 11	\$16,692.00		\$7,348.00		\$0.00	\$1,196.00	\$1,196.00	\$24,040.00	\$25,236.00
Mar 11	\$0.00		\$0.00	\$2,574.00	\$0.00	\$4,143.00	\$4,143.00	\$2,574.00	\$6,717.00
Apr 11	\$5,268.50		\$2,075.00	\$0.00	\$0.00	\$479.12	\$479.12	\$7,343.50	\$7,822.62
May 11	\$0.00		\$3,912.50		\$0.00	\$1,389.00	\$1,389.00	\$3,912.50	\$5,301.50
June 11	\$0.00		\$600.00	\$3,009.00	\$0.00	\$0.00	\$0.00	\$3,609.00	\$3,609.00
<b>Totals</b>	<b>\$66,507.00</b>	<b>\$9,733.50</b>	<b>\$32,143.50</b>	<b>\$17,504.00</b>	<b>\$0.00</b>	<b>\$32,970.23</b>	<b>\$32,970.23</b>	<b>\$125,888.00</b>	<b>\$158,858.23</b>

**GREEN VALLEY RANCH PREPACK**

Apr-June 11	\$2,075.00		\$4,162.50	\$2,499.00				\$8,736.50	\$8,736.50
<b>Totals</b>	<b>\$68,582.00</b>	<b>\$9,733.50</b>	<b>\$36,306.00</b>	<b>\$20,003.00</b>	<b>\$0.00</b>	<b>\$32,970.23</b>	<b>\$32,970.23</b>	<b>\$134,624.50</b>	<b>\$167,594.73</b>

**Add to the totals above the agreed-upon write-downs:**

Aug-Oct 200	Agreed-upon write-downs	\$18,500.00
Nov 2009	Taxi write-down	\$82.45
Dec 2009	Rental car write-down	\$645.38
Jan 2010	Meal write-down	\$5.37
Feb 2010	Clerical error write-downs	\$25.06
	.9% write-down for fee	
May 2010	application expenses	\$17,450.55
July 2010	Parking charge	\$24.00
Aug 2010	Chicago flight	\$195.00
March 2011	Rental car write-down; meal write-down	\$256.28
April 2011	Hotel, meal, and rental car write-downs	\$1,135.37
	<b>Total of agreed-upon cuts</b>	<b>\$45,519.46</b>

Agreed-upon cuts + reductions for leverage, vague billing, and expenses other than those incurred due to the Debtors' call on staffing + GVR	\$180,143.96
Agreed-upon cuts + reductions for leverage, vague billing, and expenses INCLUDING those incurred due to the Debtors' call on staffing + GVR	\$213,114.19