JOHN WALSHE MURRAY (074823)
ROBERT A. FRANKLIN (091653)
THOMAS T. HWANG (218678)
DORSEY & WHITNEY LLP
305 Lytton Avenue
Palo Alto, CA 94301
Telephone: (650) 857-1717
Facsimile: (650) 857-1288
Email: murray.john@dorsey.com
Email: franklin.robert@dorsey.com
Email: hwang.thomas@dorsey.com

Attorneys for Official
Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

In re: **TECHNOLOGY PROPERTIES LIMITED LLC, fka TECHNOLOGY PROPERTIES LIMITED INC., A CALIFORNIA CORPORATION, fka TECHNOLOGY PROPERTIES LIMITED, A CALIFORNIA CORPORATION,** Debtor.	Case No. 13-51589-SLJ-11 Chapter 11 Date: April 9, 2014 Time: 1:30 p.m. Place: United States Bankruptcy Court 280 S. First Street, Room 3099 San Jose, CA 95113 Judge: Honorable Stephen L. Johnson

FIRST APPLICATION FOR INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES BY ATTORNEYS FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Case: 13-51589 Doc# 465 Filed: 03/19/14 Entered: 03/19/14 14:49:29 Page 1 of 59

TABLE OF CONTENTS

Page No.

I. NOTICE 1

II. INTRODUCTION 1

III. EMPLOYMENT AUTHORIZATION 1

IV. APPLICANT'S ATTORNEYS' FEES AND EXPENSES 2

V. ASSETS OF THE BANKRUPTCY ESTATE 2

VI. ESTIMATED ACCRUED EXPENSES OF ADMINISTRATION 3

VII. CASE BACKGROUND AND STATUS 3

A. Significant Events During the Bankruptcy Case 3

B. Status Of Pending Matters 6

1. Cash Collateral 6
2. Continued Negotiations 7
3. Plan and Disclosure Statement 7
4. Motion to Appoint Trustee And For Order to Show Cause Re Contempt 7
5. Derivative Standing Motion 8

VIII. PROJECT BILLING 8

A. Case Administration 8
B. Internal Communications and Case Management. 9
C. Communications With Committee. 10
D. Committee Meeting Minutes and Summaries 11
E. Communications With Debtor (Generally). 12
F. Communications With Third Parties. 13
G. Employment of Professionals - Forensic Accountant. 13
H. Employment of Professionals - Dorsey & Whitney LLP. 14
I. Employment of Professionals - Debtor's Professionals 15
J. Financial Pleadings. 16
K. Investigation and Diligence re Debtor. 17
L. Investigation and Diligence re Debtor - Non Disclosure Agreements. 18
M. Relief From Stay. 19
N. Executory Contracts and Licenses. 20
O. Compensation of Professionals - Dorsey & Whitney LLP. 21
P. Compensation of Professionals - Binder & Malter LLP. 21
Q. Settlement Procedures Motion. 22
R. Settlements and Licenses. 24
S. Cash Collateral. 24
T. Mediation. 26
U. Negotiations With Debtor - Pre-Mediation. 27
V. Negotiations With Debtor - Post-Mediation. 28
W. Plan Exclusivity. 28
X. Debtor's Plan. 30
Y. Debtor's Disclosure Statement. 31
Z. Committee's Plan. 32
AA. Committee's Disclosure Statement. 33
BB. Trustee/Contempt Motion. 35
CC. Claims. 37

DD. Objections to Claims. 38
EE. Subordination/Recharacterization of Claims. 39
FF. Motion for Standing. 40

IX. PROJECT BILLING SUMMARY. 41

X. BILLING SUMMARY. 41

XI. REIMBURSEMENT OF EXPENSES. 42

XII. PRIOR COMPENSATION. 43

XIII. VOLUNTARY REDUCTIONS. 43

XIV. SOURCE OF COMPENSATION. 44

XV. NO SHARING OF COMPENSATION 44

XVI. UNPAID CHAPTER 11 EXPENSE OF ADMINISTRATION CLAIMS 44

XVII. RELIEF REQUESTED. 44

XVIII. LEGAL STANDARD FOR DETERMINING REASONABLE COMPENSATION 45

Case: 13-51589 Doc# 465 Filed: 03/19/14 Entered: 03/19/14 14:49:29 Page 3 of 59

FIRST APPLICATION FOR INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES BY ATTORNEYS FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS

TO: THE HONORABLE STEPHEN L. JOHNSON, UNITED STATES BANKRUPTCY JUDGE:

The FIRST APPLICATION FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES BY ATTORNEYS FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS (the "Application") of Dorsey & Whitney LLP ("Dorsey" or your "Applicant") respectfully represents:

I. NOTICE

Your Applicant is providing notice of the hearing on this Application pursuant to Rule 2002(a)(6) and 2002(g) of the Federal Rules of Bankruptcy Procedure and Rule 2002-1 of the Local Bankruptcy Rules for the Northern District of California.

II. INTRODUCTION

The Official Committee of Unsecured Creditors (the "Committee") was appointed in this bankruptcy case on March 28, 2013, and consists of the following members: Marcie Brown, Patriot Scientific Corp., Beresford & Co., Phil Marcoux, Farella Braun & Martel, LLP, the Estate of James Kirkendall and Dr. Zlatan Ribic GmbH.

Dorsey is the attorney for the Committee in this case, having been so retained by order of this Court authorizing and approving such employment. As such attorney, Dorsey has performed various legal services for the Committee, the particulars of which are hereinafter set forth.

III. EMPLOYMENT AUTHORIZATION

On May 10, 2013, the Committee filed its EX PARTE APPLICATION BY OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ORDER AUTHORIZING EMPLOYMENT OF COUNSEL (the "Employment Application") which was approved by the Court's ORDER AUTHORIZING EMPLOYMENT OF COUNSEL BY OFFICIAL COMMITTEE OF UNSECURED CREDITORS (the "Employment Order") entered on May 15, 2013. Pursuant to the Employment Order, the Committee was authorized to employ Dorsey, *nunc pro tunc* to April 3, 2013, on an hourly basis to, among other things: advise the Committee with respect to its duties and powers in this bankruptcy case; consult with the Committee and the Debtor concerning the administration of this bankruptcy case; assist in the Committee's investigation of the acts, conduct, assets, liabilities, and financial condition of the

Debtor, and any other matters relevant to this bankruptcy case or to the formulation of a plan; advise and represent the Committee in connection with administrative and substantive matters arising in this bankruptcy case; and perform any other legal services as may be required and which are in the interests of unsecured creditors. A copy of the Employment Order is attached hereto as **Exhibit "A"** and by this reference incorporated herein.

IV. APPLICANT'S ATTORNEYS' FEES AND EXPENSES

Pursuant to this Application, your Applicant seeks interim approval of its attorney's fees and expenses incurred in this Chapter 11 case from April 3, 2013 through February 28, 2014 (the "First Application Period") in the amounts of $1,168,598.00 and $5,312.17, respectively. These attorneys' fees and expenses can be broken down on a monthly basis as follows:

Month	Fees	Expenses	Total
April 2013	$ 110,028.00	$ 71.27	$ 110,099.27
May	$ 124,247.00	$ 376.97	$ 124,623.97
June	$ 78,363.00	$ 609.66	$ 78,972.66
July	$ 93,429.00	$ 211.05	$ 93,640.05
August	$ 81,951.00	$ 84.09	$ 82,035.09
September	$ 115,307.00	$ 95.50	$ 115,402.50
October	$ 79,847.00	$ 271.57	$ 80,118.57
November	$ 58,391.00	$ 296.93	$ 58,687.93
December	$ 128,804.00	$ 1,489.94	$ 130,293.94
January 2014	$ 163,271.00	$ 1,084.49	$ 164,355.49
February	$ 134,960.00	$ 720.70	$ 135,680.70
Total	$ 1,168,598.00	$ 5,312.17	$ 1,173,910.17

Your Applicant further requests entry of an order authorizing and directing the Debtor to pay your Applicant its allowed fees and costs as awarded by the Court, and authorizing your Applicant to apply the Committee Carve Out (as defined below) to the Court's award.

V. ASSETS OF THE BANKRUPTCY ESTATE

The Debtor's monthly operating report for the month ending January 2014, filed with the Court on February 21, 2014 [Dkt No. 453] (the "January MOR"), shows total assets of $2,936,766 and cash and cash equivalents of $503,982.

In its Schedules (as amended) filed on June 24, 2013 [Dkt No. 195], the Debtor listed a value for its assets of $4,472,651.31; however, this total excludes claims, rights, and general intangibles,

the value of which the Debtor contends is presently impossible to estimate precisely. Assuming that its various patent portfolios can be fully commercialized through licensing programs for clients and infringement suits against violators over time, the Debtor has contended during this bankruptcy case that its assets are worth in excess of $100 million.

VI. ESTIMATED ACCRUED EXPENSES OF ADMINISTRATION

The January MOR shows that administrative expenses, which include accrued fees of certain professionals retained in the bankruptcy case[1], patent prosecution and maintenance fees and "other professional fees," total $2,963,300.

VII. CASE BACKGROUND AND STATUS

A. Significant Events During the Bankruptcy Case

1. The Debtor commenced its Chapter 11 case on March 20, 2013 (the "Petition Date").

2. Pursuant to the Employment Order, the Committee's employment of your Applicant was effective *nunc pro tunc* to April 3, 2013.

3. Since its retention, your Applicant, on behalf of and at the instruction of the Committee, has been actively involved in all critical matters during this case. The Committee, with your Applicant's guidance and assistance, has played an integral role in this case during the First Application Period, investigating and evaluating estate assets and engaging the Debtor in negotiations about its reorganization efforts and proposed plan.

4. Immediately after being employed by the Committee, your Applicant conferred with both Debtor's counsel and the Committee about the Debtor's business model and reorganization strategy, and commenced negotiating terms beneficial to the estate and its creditors. Your Applicant also has conducted independent research about the Debtor's business structure and its revenue generation model. Your Applicant has communicated with the Debtor and its professionals about specific terms of its reorganization plan which would maximize the likelihood of a recovery for unsecured creditors. Your Applicant coordinated meetings between the Debtor and the Committee during the First Application Period to learn about the Debtor's reorganization strategy and ideas.

[1] The January MOR lists professional fees, which presumably include the accrued fees of Applicant and of Debtor's counsel, Binder & Malter, LLP ("Binder & Malter"), at $2,456,098.

Your Applicant has also evaluated the Debtor's business operations and identified key issues and features that a proposed plan must address for creditors to be paid.

5. In addition, your Applicant immediately began examining and evaluating the Debtor's assets, liabilities and transactions. Your Applicant has endeavored to obtain documents and financial data from the Debtor and affiliated parties. Because the Debtor represented that information requested by the Committee is confidential, your Applicant negotiated and drafted a non-disclosure agreement with the Debtor to gain access to such data and documentation. However, due to the incomplete, inconsistent and even non-existent nature of many of the documents obtained or requested by your Applicant, your Applicant has been required to engage in an often cumbersome exercise to evaluate various documents including license agreements, employment agreements, service agreements and other executory contracts, in addition to the Debtor's explanations and representations regarding such documents.

6. In connection with the investigation into the Debtor's operations and prior transactions, the Committee has discovered and identified potential estate causes of action against Daniel E. Leckrone, the Debtor's principal, and other insiders and/or affiliates of the Debtor. Your Applicant has reviewed numerous claims asserted by these parties against the estate, and has identified which claims should be subject to objections and the grounds for such objections.

7. In light of the unique nature of the Debtor's business which largely is to commercialize patents, your Applicant, scrutinized the Debtor's projected revenue streams, operating reports and proposed use of cash collateral throughout the First Application Period. After contesting the Debtor's attempt to obtain unilateral authority to enter into settlements of litigation, your Applicant negotiated a protocol by which the Debtor must seek consent from a subcommittee of the Committee prior to consummating any settlements with regard to licenses during the case. This protocol is reflected in the Court's ORDER ON MOTION REGARDING SETTLEMENT PROCEDURES (the "Settlement Procedures Order") entered on May 7, 2013.

8. For the Committee to fulfill its fiduciary duties to all creditors, especially in light of what the Committee now believes are self-dealing, inherent conflicts and managerial miscues of the Debtor's management clouding this case, your Applicant, together with the Committee, have

conducted a comprehensive investigation into the Debtor's business affairs and operations. In addition to the matters discussed above, your Applicant, together with the Committee, have undertaken in-depth analysis with respect to numerous aspects of the Debtor's bankruptcy case, especially those pertaining to the dissipation of estate funds, retention and compensation of professionals[2], payment of compensation to certain employees, scheduled debts of and claims filed by the Debtor's insiders, transfers among affiliated entities, settlement of litigation and entry into license agreements. Your Applicant, together with the Committee, also has conducted in-depth analysis of related matters outside of the bankruptcy forum, including (a) developments in the Debtor's litigation before the International Trade Commission (the "ITC") and the Northern District of California and (b) the ITC's decision issued in December 2013 relevant to the Debtor's and Alliacense's licensing activities, and their ability to pursue future patent infringement litigation.

9. Notwithstanding the Committee's grave concerns about the operations of the Debtor's management, since its retention your Applicant has engaged in extensive negotiations directly with the Debtor's professionals, and facilitated negotiations between the parties, in an effort to reach agreement on a consensual plan. Negotiations have proceeded through counsel, through a subcommittee of Committee representatives and through a mediation conducted on October 8 and 9, 2013, before the Honorable Judge Montali.

10. When it became clear that negotiations with the Debtor had ceased to progress and in light of the Debtor's dubious financial performance during the bankruptcy case, your Applicant, on behalf of the Committee, filed a motion to terminate the Debtor's plan exclusivity period and for authority to file a competing plan, in order to facilitate the progression of the bankruptcy case. The Court entered its order terminating exclusivity as to the Debtor on December 27, 2013. Subsequently, your Applicant, in consultation with the Committee, has drafted and filed two disclosure statements and plans based on terms which the Committee believes will maximize the potential return to creditors.

[2] During this bankruptcy case, the Debtor has employed Binder & Malter, as its general bankruptcy counsel, in addition to the following professionals: Agility IP Law, LLP, the Simon Law Firm, P.C., Bragalone Conroy, PC, Farnan LLP, Ropers Majeski Kohn & Bentley, Adelson, Hess & Kelly APS, and Henneman & Associates, all as its special counsel, and Fulop Business Tax Services, as its accountant. The Debtor's proposed employment of special counsel Stevens Love is pending.

11. Your Applicant's diligence efforts have provided the Committee with a picture of the Debtor's operations and financial condition in both the pre-petition period and during the First Application Period, and have laid the groundwork for plan negotiations with the Debtor as well as the formulation of a confirmable plan on terms favorable to all creditors. While its investigation remains ongoing with respect to myriad issues, the Committee has determined that the Debtor's current management is incapable of operating the company's business in a matter which will satisfy the Debtor's debts to non-insider creditors. Remediating this issue has been a focus of the Committee's proposed plan to reorganize the company.

12. In light of the foregoing and for the reasons more fully set forth below, your Applicant believes the services provided during the First Application Period have provided a discernible benefit to general unsecured creditors in this case. Your Applicant respectfully requests that the Application be approved.

B. Status Of Pending Matters

1. Cash Collateral

13. Immediately after the Petition Date, the Debtor filed a motion on shortened time to be allowed to use cash collateral for its operations. The Court held three hearings on the Debtor's motion, including a final hearing on June 4, 2013, after which it entered its THIRD PRELIMINARY ORDER GRANTING MOTION TO APPROVE USE OF CASH COLLATERAL (FRBP 4001(B)) AND SETTING FURTHER HEARING authorizing the Debtor to use cash collateral in accordance with the Debtor's proposed budget through October 31, 2013. Subsequently, the Debtor filed a second motion requesting permission to use cash collateral which came on for a final hearing on December 4, 2013. After that hearing, the Court entered its FINAL ORDER GRANTING TPL'S SECOND MOTION TO APPROVE USE OF CASH COLLATERAL (FRBP 4001(B)) AND SETTING FURTHER HEARING, further authorizing the Debtor to use cash collateral in accordance with the Debtor's proposed budget through February 28, 2014. As required by the orders approving the Debtor's use of cash collateral, the Debtor is required to, among other things, (a) make monthly adequate assurance payments to two of its secured creditors, Cupertino City Center Buildings and Arockiyaswamy Venkidu (collectively, the "Non-Insider Secured Creditors"), in the amounts of $50,000 and $75,000, respectively, and (b)

subject to availability of funds, fund carve-outs from the Non-Insider Secured Creditors' cash collateral for (i) fees and expenses of the Committee's professionals in the amount of $50,000 per month (the "Committee Carve-Out") and (ii) fees and expenses non-Committee professionals in the amount of $50,000 per month. To date, the Debtor has funded the Committee Carve-Out in the sum of $525,000.

2. Continued Negotiations

14. Notwithstanding the stalling of prior negotiations with the Debtor, the Committee understands that an agreement with the Debtor on terms of a consensual plan, if possible, would reduce the incurrence of further administrative costs, in the interests of the estate and its creditors. Therefore, while the Committee has proceeded with filing its competing plan and disclosure statement and is moving forward to confirm its plan, your Applicant, in consultation with the Committee, is continuing to negotiate terms for a consensual plan with the Debtor. If the negotiations with the Debtor conclude successfully, the parties will immediately cooperate in the preparation of a consensual plan and disclosure statement and will schedule the hearing for the Court to consider approval of the disclosure statement at the earliest possible time.

3. Plan and Disclosure Statement

15. On December 17, 2013, after the Court entered its order terminating the Debtor's plan exclusivity, the Committee filed its plan and disclosure statement. On February 14, 2014, the Committee filed an amended plan and disclosure statement in order to address objections filed by the Debtor and certain licensee parties. The hearing on the Committee's disclosure statement was initially set for February 26, 2014, to be heard concurrently with the Debtor's most recently revised plan and disclosure statement filed on February 14, 2014. However, to permit negotiations between the Committee and the Debtor to continue, the Court continued the hearing to March 26, 2014.

4. Motion to Appoint Trustee And For Order to Show Cause Re Contempt

16. On December 17, 2014, the Committee filed a motion requesting appointment of a chapter 11 trustee and an order to show cause why the Debtor and Mr. Leckrone should not be held in contempt, due to, among other reasons, the Debtor's alleged violation of the Settlement Procedures Order, its dissipation of estate assets, its inherent conflicts of interest with respect to

affiliated parties, and Mr. Leckrone's bad faith conduct in the case. The Court heard the Committee's motion on January 23, 2014, at which time it continued the hearing to March 26, 2014.

5. Derivative Standing Motion

17. As discussed above, the Committee has identified potential causes of action against certain of the Debtor's insiders and affiliates. In order to pursue and prosecute such causes of action, the Committee requires standing and authorization from the Court. Consequently, your Applicant prepared and filed a motion on January 13, 2014, which requests, among other things, that the Court enter an order (a) granting leave, derivative standing and authority to the Committee and (b) directing the Debtor to provide the Committee with unfettered access to all of the books, records, and other documents in its possession. The Committee's motion was initially set to be heard on February 26, 2014. However, to permit the negotiations between the Committee and the Debtor to continue, the Court continued the hearing to March 26, 2014.

VIII. PROJECT BILLING.

Dorsey has included the following project billing categories in this Application:

A. Case Administration.

This project billing category includes matters of a general nature that do not fit more logically in another more discrete project billing category, or fall into multiple discrete project billing categories and are not easily separable. In the course of your Applicant's representation of the Committee in this case, your Applicant prepared the Committee's Bylaws, communicated with Court personnel, attended the 341 meeting of creditors and the Debtor's status conferences and reviewed filings related thereto, and evaluated the Debtor's case commencement and initial pleadings in order to comprehend its business operations and bankruptcy case strategy.

In addition, because of the number of filings, dynamic developments and multitude of events in play at any given time during this case, it has been important for Committee counsel to stay abreast of all matters and issues arising in the case, to direct the appropriate resources to such issues and matters, and to craft the Committee's strategy in relation thereto. In this regard, your Applicant prepared and revised detailed memoranda regarding action items in the case.

Within this category, your Applicant also reviewed and communicated with Debtor's counsel

with respect to its motion to define the Committee's obligations under section 1102(b)(3). In order to ensure the protection of creditors' rights to access certain information, and to provide for a procedural mechanism to access confidential and privileged information under certain circumstances, your Applicant drafted and filed the COMMITTEE'S RESERVATION OF RIGHTS AND LIMITED OPPOSITION TO MOTION FOR ORDER DEFINING OFFICIAL COMMITTEE OF UNSECURED CREDITOR'S RESPONSIBILITIES RELATING TO ACCESS TO INFORMATION. Ultimately, the Court approved the Debtor's motion with certain conditions, including the Committee's approval on the form of order.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "B"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	34.40	$ 670.00	$ 23,048.00
Robert A. Franklin	16.50	$ 510.00	$ 8,415.00
Thomas T. Hwang	10.50	$ 420.00	$ 4,410.00
Totals	61.40		$ 35,873.00

B. Internal Communications and Case Management.

In a case of this nature, involving a unique business model based on an unpredictable and limited revenue stream and the perceived misconduct by the Debtor's management to the detriment of creditors, it is crucial for Committee counsel to monitor all of the Debtor's operations, decisions, and proposed use of estate assets, to examine all matters and issues arising in the case, and to develop and communicate options for the Committee's strategy in relation thereto. In this regard, your Applicant conducted "team" meetings in this case among the professionals in its firm to delegate, coordinate and prioritize assignments. In a case with this makeup, your Applicant believes such meetings are necessary to the efficient and economical administration of the case to (i) assure that all attorneys involved in the case understand, appreciate and provide input as to the overall case strategy and the ultimate goals of the Committee and its constituents, (ii) effectively delegate those

matters which can be most economically handled by junior attorneys with lower hourly billing rates while providing the necessary guidance and support to such junior attorneys regarding their assignments, (iii) ensure that the efforts of all attorneys working on the case complement each other without waste or duplication, (iv) ensure that all matters are addressed and communicated and explained to the Committee whenever necessary. Because careful and effective management of information and development of strategies are key to the efficient and thorough administration and ultimate success of the case, your Applicant does not believe there has been an extraordinary or unwarranted use of such meetings in this case.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "C"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	3.40	$ 670.00	$ 2,278.00
Robert A. Franklin	4.50	$ 510.00	$ 2,295.00
Thomas T. Hwang	4.70	$ 420.00	$ 1,974.00
Totals	12.60		$ 6,547.00

C. Communications With Committee.

This project billing category includes all of your Applicant's attorneys' fees relative to communications with the Committee, individual Committee members and their representatives in the case, which do not fit within a more discrete project billing category, or fall into multiple discrete project billing categories and are not easily separable, including matters regarding the Debtor's filings, the history of the Debtor and its pre-petition and post-petition operations, the Debtor's insiders and their historical conduct, and legal and factual issues related to the Debtor in both bankruptcy and nonbankruptcy contexts.

This category further includes the copious Committee meetings which your Applicant coordinated and facilitated during the First Application Period. Due to the innumerable substantive and procedural matters arising in the case, the need for the Committee to comprehend and evaluate

all of the Debtor's transactions and use of estate assets, and all related strategy considerations, it has been imperative for Committee counsel to guide the Committee through all issues and legal options arising in the case, while reminding the Committee of its fiduciary duties in light of abundant competing interests and factors in play. Committee meetings have played an integral role in developing the Committee's comprehension and decision making during the case. Your Applicant's counsel to the Committee in this regard is captured in this category, including preparation of meeting agenda, responding to pre and post-meeting questions, soliciting and proposing tactical options, and providing a forum for the exchange and development of Committee ideas and concerns.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "D"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	98.30	$ 670.00	$ 65,861.00
Robert A. Franklin	50.90	$ 510.00	$ 25,959.00
Thomas T. Hwang	37.90	$ 420.00	$ 15,918.00
Erin E. Knapp Darda	3.60	$ 300.00	$ 1,080.00
Totals	190.70		$ 108,818.00

D. Committee Meeting Minutes and Summaries.

This project billing category includes all of your Applicant's attorneys' fees relative to the preparation of detailed minutes for over 30 meetings with the Committee, including the drafting of such minutes, communications with the Committee regarding minutes, and reviewing and evaluating meeting minutes in establishing and steering Committee decisions and action items.

Due to the numerous substantive and procedural issues in this case, the Debtor's various filings and actions, and the need for the Committee's diligence of the Debtor's conduct and operations, the Committee, with your Applicant's guidance, has met on numerous occasions. The detailed minutes of each meeting have provided the basis to ascertain issues and Committee viewpoints, share internal information, report on case developments, memorialize Committee

decisions, and determine the direction of how to progress. The minutes have played an integral role in capturing the lengthy negotiation process with the Debtor during the First Application Period, the evolving positions of the parties, and the progress (or lack thereof) on various negotiation points. Accordingly, the detailed minutes of meetings have provided the foundation for the Committee's fluid strategies in the case.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "E"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	13.30	$ 670.00	$ 8,911.00
Robert A. Franklin	6.50	$ 510.00	$ 3,315.00
Thomas T. Hwang	99.90	$ 420.00	$ 41,958.00
Erin E. Knapp Darda	2.20	$ 300.00	$ 660.00
Totals	121.90		$ 54,844.00

E. Communications With Debtor (Generally).

This project billing category includes communications between your Applicant and the Debtor and its representatives during the First Application Period which do not fit within a more discrete project billing category or fit into multiple project billing categories and are not easily separable, including communications regarding the Debtor's negotiations, litigation, and proposed resolutions with third parties, the status of the Debtor's pending proceedings before the ITC and district courts, the status of various motions filed in the case, and generally about the bankruptcy case and the company's operations. Your Applicant also coordinated and participated in meetings between the Committee and the Debtor's representatives, wherein the Debtor presented information to the Committee regarding its operations and Chapter 11 strategy. Your Applicant's fees incurred relative to these meetings are included in this category.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in

Exhibit "F" hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	9.00	$ 670.00	$ 6,030.00
Robert A. Franklin	1.30	$ 510.00	$ 663.00
Thomas T. Hwang	0.50	$ 420.00	$ 210.00
Erin E. Knapp Darda	8.20	$ 300.00	$ 2,460.00
Totals	19.00		$ 9,363.00

F. Communications With Third Parties.

This project billing category includes communications between your Applicant and other parties in interest in the case which do not fit within a more discrete project billing category or fit into multiple project billing categories and are not easily separable, including communications with third parties regarding the status of the case, and responding to specific creditor, vendor and government agency questions.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "G"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	4.40	$ 670.00	$ 2,948.00
Robert A. Franklin	0.90	$ 510.00	$ 459.00
Thomas T. Hwang	2.90	$ 420.00	$ 1,218.00
Totals	8.20		$ 4,625.00

G. Employment of Professionals - Forensic Accountant.

This project billing category includes your Applicant's fees relative to the Committee's consideration to employ a forensic accountant to investigate the Debtor in this case. Due to growing perceived concerns about the Debtor's pre-petition and post-petition transactions and its conduct and performance during the case, as well as the unsatisfactory information and documentation received

from the Debtor, the Committee considered whether retention of a forensic accountant to investigate the Debtor's financial affairs was sensible during this stage of the case, before ultimately deciding to delay the decision. In this regard, your Applicant advised the Committee regarding the services and benefit a forensic accountant could provide; vetted and discussed potential candidates with the Committee and individual members; proposed, contacted and interfaced with potential candidates; and set up and conducted meetings to interview candidates. This category also includes your Applicant's research regarding certain proposed employment structures of candidates, and the statutory and procedural requirements related thereto.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "H"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	10.40	$ 670.00	$ 6,968.00
Robert A. Franklin	6.10	$ 510.00	$ 3,111.00
Thomas T. Hwang	8.10	$ 420.00	$ 3,402.00
Totals	24.60		$ 13,481.00

H. Employment of Professionals - Dorsey & Whitney LLP.

This project billing category includes your Applicant's attorneys' fees related to its employment by the Committee as its counsel in this bankruptcy case, including the preparation of the engagement agreement with the Committee and all employment pleadings, and conferring with Committee members and Debtor's counsel regarding the scope and duties regarding your Applicant's employment.

Under this category your Applicant filed the following pleadings in support of Dorsey's employment:

i) EX PARTE APPLICATION BY OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ORDER AUTHORIZING EMPLOYMENT OF COUNSEL;

ii) DECLARATION OF JOHN WALSHE MURRAY IN SUPPORT OF EX PARTE APPLICATION BY OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ORDER AUTHORIZING EMPLOYMENT OF COUNSEL; and

iii) ORDER AUTHORIZING EMPLOYMENT OF COUNSEL BY OFFICIAL COMMITTEE OF UNSECURED CREDITORS.

The Court entered its Employment Order on May 15, 2013, approving the Committee's employment of Dorsey in this case.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "I"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	9.10	$ 670.00	$ 6,097.00
Thomas T. Hwang	6.90	$ 420.00	$ 2,898.00
Totals	16.00		$ 8,995.00

I. Employment of Professionals - Debtor's Professionals.

This project billing category includes your Applicant's attorneys' fees related to the Debtor's proposed employment of numerous professionals in this bankruptcy case. In light of the estate's waning and limited assets and concerns that the Debtor's management is dissipating assets to insiders and affiliates, the Committee has executed a thorough review of the Debtor's proposed retention of professionals in this case, considering factors such as proposed compensation of litigation counsel, the necessity of services proposed to be provided by professionals, the need for review of billing statements prior to final approval of compensation, the duplication of services to be provided, and overall benefit (or lack thereof) to be provided. Consequently, your Applicant researched, reviewed, summarized and outlined potential issues with respect to all employment applications filed by the Debtor. Your Applicant further communicated with proposed counsel and the Debtor's representatives regarding the terms and scope of employment, and responded to questions and concerns of the Committee. In all, the Debtor filed applications to employ the

following professionals during the First Application Period: Agility IP Law, LLP, the Simon Law Firm, P.C., Stevens Love, Bragalone Conroy, PC, Farnan LLP, Ropers Majeski Kohn & Bentley, Adelson, Hess & Kelly APS, and Henneman & Associates, all as its special counsel, and Fulop Business Tax Services, as its accountant.

In addition, because of the intertwined relationship between the Debtor and Alliacense, your Applicant researched and communicated with the Debtor and its representatives regarding the services, compensation structure and employment relationship between the parties. To contest the terms of the Debtor's proposed employment of Alliacense's employee Edward Heller and another proposed special counsel, your Applicant prepared the COMMITTEE'S LIMITED OPPOSITION TO (1) MOTION FOR EMPLOYMENT OF EDWARD P. HELLER AS SPECIAL COUNSEL NUNC PRO TUNC, AND (2) EX PARTE APPLICATION FOR EMPLOYMENT OF HENNEMAN AND ASSOCIATES, 11 U.S.C. §327(e) and appeared at the hearing thereon. Your Applicant's fees incurred in relation to these matters are included in this category.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "J"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	10.80	$ 670.00	$ 7,236.00
Robert A. Franklin	7.70	$ 510.00	$ 3,927.00
Thomas T. Hwang	29.90	$ 420.00	$ 12,558.00
Totals	48.40		$ 23,721.00

J. Financial Pleadings.

This project billing category includes fees incurred by your Applicant reviewing and analyzing the Debtor's SCHEDULES, STATEMENT OF FINANCIAL AFFAIRS, monthly operating reports and other financial documents. The Committee's concerns with the Debtor's deficient financial performance and payments to insiders and affiliates have been a theme throughout the case. As such, your Applicant has analyzed the Debtor's financial filings and communicated with the

Committee about concerns related thereto, to understand the Debtor's financial position and outlook, and to determine the related issues facing the estate.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "K"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	5.10	$ 670.00	$ 3,417.00
Robert A. Franklin	1.30	$ 510.00	$ 663.00
Thomas T. Hwang	7.30	$ 420.00	$ 3,066.00
Totals	13.70		$ 7,146.00

K. Investigation and Diligence re Debtor.

This project billing category includes fees incurred by your Applicant relative to the discovery and production of documents from the Debtor, review of the operations and related issues, including validity of security agreements, interrelationships with related entities and investigation of the Debtor's pre-petition conduct. In this regard, your Applicant has reviewed the Debtor's schedules and statement of financial affairs, reviewed and analyzed the transaction with Arockiyaswamy Venkidu resulting in the filing of a secured claim in the bankruptcy case, reviewed and analyzed transcripts of pre-petition litigation between Chester A. Brown, Jr. and Marcie Brown and the Debtor, and has solicited and reviewed information provided by members of the Committee regarding the Debtor's pre-petition conduct. Your Applicant also requested, catalogued and reviewed over 3,500 pages of documents produced by the Debtor, attended presentations made by the Debtor and Alliacense, and reviewed and analyzed contracts between the Debtor and its related entities, including commercialization agreements between the Debtor and Leckrone-controlled LLC's which purportedly own the subject patents. Your Applicant also reviewed and analyzed the interrelationships between Patriot, PDS, Charles Moore, Alliacense and the Debtor regarding the MMP Portfolio.

/ / /

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "L"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	21.70	$ 670.00	$ 14,539.00
Robert A. Franklin	68.10	$ 510.00	$ 34,731.00
Thomas T. Hwang	9.80	$ 420.00	$ 4,116.00
Erin E. Knapp Darda	0.20	$ 300.00	$ 60.00
Totals	99.80		$ 53,446.00

L. Investigation and Diligence re Debtor - Non Disclosure Agreements.

This project billing category includes fees incurred by your Applicant relative to the negotiation, drafting and execution of non-disclosure agreements between the Committee and the Debtor and between the Committee and Alliacense. In this regard, your Applicant prepared the initial draft of the Non Disclosure Agreement ("NDA") between the Committee and the Debtor which resulted in extensive comment from both the Debtor and individual Committee members. The parties were eventually able to negotiate an NDA, and your Applicant solicited and obtained signatures of the Committee members and their authorized representatives. Your Applicant also advised the members and their representatives on the proper handling of materials produced pursuant to the NDA.

With respect to Alliacense, your Applicant reviewed the form NDA prepared by Alliacense for its general use and made suggested modifications for use in this case. Alliacense had several objections to these modifications but eventually the parties were able to agree upon a final version which was circulated to the appropriate parties for signature.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "M"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	4.70	$ 670.00	$ 3,149.00
Robert A. Franklin	29.80	$ 510.00	$ 15,198.00
Thomas T. Hwang	1.10	$ 420.00	$ 462.00
Totals	35.60		$ 18,809.00

M. Relief From Stay.

This project billing category includes fees incurred by your Applicant relative to the Debtor's MOTION FOR RELIEF FROM STAY BY DEBTOR FOR CAUSE (11 U.S.C. §362(d)(1)) (the "NorCal Relief From Stay Motion") filed at the onset of the case which requested the Court lift the automatic stay to enable all parties in two actions pending in the United States District Court for the Northern District of California, to proceed with litigating their claims to judgment. Because of, among other things, the lack of showing of any benefit to the estate, the need to ensure that interests of creditors remained protected if the stay were terminated and concerns regarding distributions of settlement proceeds to Alliacense, the Committee filed a reservation of rights and limited opposition to the NorCal Relief From Stay Motion, to enable the Committee to further evaluate the relief requested and its potential ramifications. Your Applicant drafted responsive pleadings including (1) a RESERVATION OF RIGHTS AND OPPOSITION TO THE DEBTOR'S MOTION FOR RELIEF FROM STAY BY DEBTOR FOR CAUSE (11 U.S.C. §362(d)(1)) and (2) the COMMITTEE'S SUPPLEMENTAL RESPONSE AND OPPOSITION TO MOTION FOR RELIEF FROM STAY BY DEBTOR FOR CAUSE (11 U.S.C. §362(d)(1)); analyzed the Debtor's motion and related filings by the third party litigants; communicated with the Committee about the motion and proposed resolution of issues; appeared at two hearings; and negotiated the terms of the proposed order.

On May 7, 2013, the Court entered its ORDER GRANTING MOTION FOR RELIEF FROM STAY BY DEBTOR FOR CAUSE which terminated the stay but also (1) precludes any parties from collecting against, placing a lien, or levying against the estate, and (2) requires advance approval prior to making payments to Alliacense.

Your Applicant's fees relative to the relief from stay granted by the Court to permit the Debtor to prosecute its appeal against Chester A. Brown, Jr. and Marcie Brown, also are

encompassed in this category.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "N"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	17.80	$ 670.00	$ 11,926.00
Robert A. Franklin	1.90	$ 510.00	$ 969.00
Thomas T. Hwang	6.60	$ 420.00	$ 2,772.00
Totals	26.30		$ 15,667.00

N. Executory Contracts and Licenses.

This project billing category includes fees incurred by your Applicant relative to the review and analysis of certain executory contracts as well as the review, analysis and response to certain objections raised by the Debtor's licensees regarding the effect of the bankruptcy case upon these licenses. In this regard, your Applicant reviewed the Debtor's MOTION TO REJECT COMMERCIALIZATION AGREEMENT with Occam LLC, an entity owned by Mr. Leckrone. Your Applicant solicited and reviewed information provided by members of the Committee and sought and reviewed information provided by the Debtor and prepared an analysis for the Committee to determine whether the Committee should object to the motion.

While the licenses that have been sold by the Debtor do not appear to be executory, also included in this category is your Applicant's review and response to objections to both the Debtor's and the Committee's disclosure statements seeking further disclosure of the effects of confirmation of either plan would have on the licenses. Your Applicant reviewed and analyzed those concerns raised in the objections and while your Applicant concluded that the Committee's disclosure statement contained adequate information, it agreed to consider additional language to be suggested by the licensees to be added to the Plan. Your Applicant convened a meeting with counsel for Apple, Fujitsu, Sony, HP and Toshiba to discuss the suggested language and reached a conceptual agreement, subject to the Debtor's agreement on the language. The Debtor objected to much of the

language set forth in the Committee's Disclosure Statement. Accordingly, the parties have revisited the issue and are currently negotiating a consensual resolution.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "O"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	12.10	$ 670.00	$ 8,107.00
Robert A. Franklin	28.40	$ 510.00	$ 14,484.00
Thomas T. Hwang	15.0	$ 420.00	$ 6,300.00
Totals	55.50		$ 28,891.00

O. Compensation of Professionals - Dorsey & Whitney LLP.

This project billing category primarily includes your Applicant's attorneys' fees relative to the preparation of this FIRST APPLICATION FOR INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES BY ATTORNEYS FOR COMMITTEE, in the sum of $38,496.00 which represents 3.1% of the total compensation requested in this Application ($38,496.00 out of $1,168,598.00).

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "P"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	55.80	$ 670.00	$ 37,386.00
Robert A. Franklin	1.30	$ 510.00	$ 663.00
Thomas T. Hwang	9.50	$ 420.00	$ 3,990.00
Totals	66.60		$ 42,039.00

P. Compensation of Professionals - Binder & Malter LLP.

This project billing category includes your Applicant's attorneys' fees relative to compensation paid to Debtor's counsel, Binder & Malter, and specifically, evaluation of the

STATEMENT PURSUANT TO RULE 2016(B) filed in the case.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "Q"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	0.30	$ 670.00	$ 201.00
Totals	0.30		$ 201.00

Q. Settlement Procedures Motion.

This project billing category includes your Applicant's attorneys' fees relative to the MOTION REGARDING SETTLEMENT PROCEDURES (the "Settlement Procedures Motion") filed on April 3, 2013 by the Debtor, which motion requested, among other things, that the Court preauthorize the Debtor to settle patent actions without disclosing settlement terms and to negotiate settlement terms in its own discretion within certain parameters set forth therein. Due to the nature of the Debtor's business which generates revenue through negotiating licenses or litigating against alleged infringers, the Debtor's settlement of pending or potential litigation constitutes closure of a potential revenue stream and dissipation of an estate asset. In order to fulfill its fiduciary duties and ensure that the Debtor's settlement and licensing activity would benefit the estate, the Committee, through your Applicant, opposed the Settlement Procedures Motion, contending, among other things, that (1) the Debtor should be required to present, and creditors should be permitted to evaluate, facts and evidence relative to the Debtor's proposed settlements, and (2) the motion improperly requested pre-approval of settlements which would deprive creditors of their rights to fair and equitable resolutions and which would prevent the Court from making reasoned and supported findings. Pursuant to the Court's direction, your Applicant negotiated with the Debtor on a proposed protocol to resolve issues between the parties. The parties were initially unable to reach agreement, but after a contested hearing, they agreed on a protocol for the Debtor to seek the consent of a subcommittee of the Committee to enter into any settlements during the bankruptcy case. This protocol is reflected

in the Settlement Procedures Order entered on May 7, 2013.

In addition to negotiating the terms of the Settlement Procedures Order, your Applicant prepared and filed (1) the COMMITTEE'S OPPOSITION TO THE DEBTOR'S MOTION REGARDING SETTLEMENT PROCEDURES and (2) the COMMITTEE'S SUPPLEMENTAL RESPONSE AND UPDATE UNDER SEAL REGARDING MOTION REGARDING SETTLEMENT PROCEDURES. Moreover, because of the sensitivity of certain information submitted in support of the Committee's pleadings, your Applicant sought the Court's authorization to submit its supplemental pleading under seal. In that regard, your Applicant drafted and filed (1) the EX PARTE MOTION BY OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ORDER AUTHORIZING FILING OF SUPPLEMENTAL OPPOSITION UNDER SEAL; (2) the DECLARATION OF THOMAS T. HWANG IN SUPPORT OF EX PARTE MOTION BY OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ORDER AUTHORIZING FILING OF SUPPLEMENTAL OPPOSITION UNDER SEAL; and (3) the [proposed] ORDER AUTHORIZING FILING OF SUPPLEMENTAL OPPOSITION UNDER SEAL.

In addition to the foregoing, this category covers your Applicant's fees incurred in communicating with third parties, Debtor's counsel, and Committee members and their representatives regarding the Settlement Procedures Motion; conducting legal research; evaluating the Debtor's and United States Trustee's filings; analyzing financial forecasts pertaining to projected settlements; and appearing at two hearings on the Settlement Procedures Motion.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "R"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	14.80	$ 670.00	$ 9,916.00
Robert A. Franklin	12.40	$ 510.00	$ 6,324.00
Thomas T. Hwang	14.80	$ 420.00	$ 6,216.00
Erin E. Knapp Darda	1.00	$ 300.00	$ 300.00
Totals	43.00		$ 22,756.00

R. Settlements and Licenses.

This project billing category includes your Applicant's attorneys' fees relative the Debtor's proposed settlements and licensing activities during the First Application Period, pursuant to the Settlement Procedures Order. During the First Application Period, your Applicant interfaced with the Debtor and its representatives regarding proposed settlements and licenses, conducted meetings with the Committee regarding such matters, facilitated conferences between the Debtor and the settlement subcommittee pursuant to the protocol established in the Settlement Procedures Order, and communicated the Committee's position on proposed settlements to the Debtor.

In addition, during the First Application Period, your Applicant became aware that the Debtor consummated at least three proposed settlements of pending litigation which the Committee explicitly did not approve, which, in the Committee's opinion, constituted violations of the Settlement Procedures Order by the Debtor. This project billing category includes your Applicant's fees incurred in addressing these violations, including investigating the violations, requesting information from and communicating the Committee's position to the Debtor, and conferring with the Committee.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "S"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	44.80	$ 670.00	$ 30,016.00
Robert A. Franklin	7.10	$ 510.00	$ 3,621.00
Thomas T. Hwang	11.90	$ 420.00	$ 4,998.00
Totals	63.80		$ 38,635.00

S. Cash Collateral.

This project billing category includes fees incurred by your Applicant relative to the review and response to motions for use of cash collateral filed by the Debtor in this case. The Debtor's initial request for approval of use of cash collateral was filed in April 2013. Your Applicant

reviewed the motion and supporting pleadings, including the proposed budget, corresponded with the Debtor regarding such use, solicited and received input from the members of the Committee and prepared the Committee's RESERVATION OF RIGHTS AND OPPOSITION TO MOTION TO APPROVE USE OF CASH COLLATERAL, filed on April 17, 2013 [Dkt No. 66]. The parties stipulated to certain line item expenses and the Court entered its ORDER GRANTING MOTION TO USE CASH COLLATERAL filed on April 25, 2013, pursuant to which the Court granted interim relief on the stipulated items. Thereafter, your Applicant continued to review supplemental pleadings filed by the Debtors in connection with the motion. Your Applicant prepared the Committee's SUPPLEMENTAL RESERVATION OF RIGHTS AND OPPOSITION TO MOTION TO APPROVE USE OF CASH COLLATERAL, filed on May 8, 2013 [Dkt No. 135]. On May 15, 2013, the Court entered its SECOND PRELIMINARY ORDER GRANTING MOTION TO USE CASH COLLATERAL [Dkt No. 160], and on June 18, 2013, the Court entered its THIRD PRELIMINARY ORDER GRANTING MOTION TO USE CASH COLLATERAL [Dkt No. 188].

Subsequently, on October 25, 2013, the Debtor filed its SECOND MOTION FOR CONDITIONAL USE OF CASH COLLATERAL [Dkt No. 243]. On October 31, 2013, the Court held an interim hearing on that motion granting certain relief and setting the matter for a final hearing. Your Applicant agreed to certain continuances of the final hearing pending settlement negotiations. Following the unsuccessful negotiations, your Applicant prepared the Committee's OBJECTION TO USE OF CASH COLLATERAL filed on November 27, 2013 [Dkt No. 289]. The final hearing was held on December 4, 2013, during which the Court approved the motion, subject to certain modifications that were agreed to between the parties.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "T"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

/ / /

/ / /

/ / /

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	45.20	$ 670.00	$ 30,284.00
Robert A. Franklin	59.60	$ 510.00	$ 30,396.00
Thomas T. Hwang	16.10	$ 420.00	$ 6,762.00
Totals	120.90		$ 67,442.00

T. Mediation.

Since the commencement of the bankruptcy case, the Committee has negotiated extensively with the Debtor in an effort to reach agreement on a consensual plan. Among other efforts, the Committee participated in mediation with the Debtor before the Honorable Denis Montali on October 8 and 9, 2013. In addition to your Applicant's fees relative to representing the Committee at the mediation, this project billing category covers fees incurred in preparation for the mediation and in continuing discussions thereafter, and includes abundant correspondences and discussions with the Committee regarding the mediation, and the procedures and expectations related thereto; pre-mediation conferences with Judge Montali and Debtor's counsel; coordinating procedures and scheduling related to the mediation; identifying and researching numerous key issues to be mediated and evaluating the Debtor's proposed plan in relation thereto; negotiating terms and facilitating the consummation of a confidentiality agreement among all parties and individuals in preparation for the mediation; reviewing correspondence from third parties regarding the mediation; and assessing the Debtor's factual representations and its mediation brief.

Prior to the mediation, your Applicant prepared and submitted the Committee's SETTLEMENT CONFERENCE STATEMENT, soliciting and incorporating comments from the Committee, and also prepared term sheet reports summarizing the parties' positions on various issues at the conclusion of the mediation. In addition, this category encompasses your Applicant's fees incurred in participating in follow-up conference calls with Judge Montali and in continuing discussions with the Debtor in the aftermath of the mediation, specific to the parties' positions on certain key terms up to that point.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "U"** hereto and by this reference incorporated herein, which exhibit identifies the individual

professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	58.20	$ 670.00	$ 38,994.00
Robert A. Franklin	49.80	$ 510.00	$ 25,398.00
Thomas T. Hwang	19.30	$ 420.00	$ 8,106.00
Totals	127.30		$ 72,498.00

U. Negotiations With Debtor - Pre-Mediation.

This project billing category includes your Applicant's attorneys' fees relative to the Committee's negotiations with the Debtor's representatives leading up to the mediation. The Committee, primarily through a subcommittee of Committee members, engaged the Debtor through its representatives, in discussions on how the Debtor could successfully reorganize and how it would treat claims and pay creditors during its bankruptcy case. Your Applicant frequently identified and explained key legal issues related to these negotiations to the subcommittee and the Committee, kept abreast of the status of all negotiations, and recommended strategies to the Committee. Upon evaluation of significant developments, your Applicant prepared term sheets and coordinated discourse with the Committee about proposed settlement points. This category also incorporates your Applicant's discussions directly with Debtor's counsel pertaining to settlement discussions. The informal discussions which fall under this category ultimately facilitated the parties' agreement to mediate certain identified, key issues.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "V"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	9.50	$ 670.00	$ 6,365.00
Robert A. Franklin	7.30	$ 510.00	$ 3,723.00
Thomas T. Hwang	6.10	$ 420.00	$ 2,562.00
Totals	22.90		$ 12,650.00

V. Negotiations With Debtor - Post-Mediation.

This project billing category includes your Applicant's attorneys' fees relative to negotiations subsequent to the mediation. After additional negotiations in the aftermath of the mediation, the Committee initially determined that its efforts to reach agreement on a consensual plan with the Debtor were futile. However, as the case continued to progress, including the plan and disclosure statement process, the parties again engaged in negotiations based on key terms ascertained from the mediation. Your Applicant has largely spearheaded these negotiations with Debtor's counsel, providing continuous updates and discourse with the Committee regarding substantial developments, while pressing both parties to maintain the momentum of negotiations as expeditiously as possible. Your Applicant prepared memoranda and summary outlines regarding myriad complicated legal issues based on different scenarios exchanged by the Committee and the Debtor. In addition, in developing and analyzing proposals for settlement, your Applicant conferred with individual Committee members, their representatives, and other third parties, and evaluated legal, non-legal and financial issues affecting the Debtor outside of the bankruptcy context. After frequent, extensive communications with the Committee, your Applicant has incorporated the Committee's input and in exchanging numerous proposals with the Debtor. Negotiations have continued beyond the First Application Period.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "W"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	83.00	$ 670.00	$ 55,610.00
Robert A. Franklin	10.40	$ 510.00	$ 5,304.00
Thomas T. Hwang	14.40	$ 420.00	$ 6,048.00
Totals	107.80		$ 66,962.00

W. Plan Exclusivity.

This project billing category includes your Applicant's attorneys' fees relative to the

exclusive periods for the Debtor to file a plan and obtain acceptances in the bankruptcy case which originally were set to expire on July 18, 2013, and September 16, 2013, respectively. Pursuant to the Debtor's requests, and in order to permit negotiations to progress and to facilitate the mediation, the Committee and the Debtor entered into stipulations during the First Application Period to extend the Debtor's exclusivity periods. Your Applicant communicated with Debtor's counsel and the Committee regarding the exclusivity periods and requested extensions, reviewed the Debtor's motions to extend exclusivity, and negotiated terms of the various stipulations.

After the unsuccessful mediation, the Committee determined that, given the lack of progress in negotiations and the Debtor's financial performance during the case, it would not agree to further extensions. Without knowing the Committee's position on this issue, the Debtor filed a second motion to further extend exclusivity. Your Applicant prepared an opposition to that motion and advised the Debtor it would oppose the motion and instead request termination of exclusivity so the Committee could file its own plan. As a result, the Debtor withdrew its motion.

This category also includes your Applicant's efforts towards terminating the Debtor's plan exclusivity periods, including drafting pleadings (which included a request for shortened time for hearing on the Committee's Motion) and legal research related thereto. The Court entered its order on December 27, 2013, terminating the Debtor's exclusivity and permitting the Committee to file its own plan and disclosure statement.

Under this category your Applicant filed the following pleadings:

i) EX PARTE MOTION FOR ORDER SHORTENING TIME FOR HEARING ON MOTION TO TERMINATE EXCLUSIVITY;

ii) DECLARATION OF ROBERT A. FRANKLIN IN SUPPORT OF EX PARTE MOTION FOR ORDER SHORTENING TIME FOR HEARING ON MOTION TO TERMINATE EXCLUSIVITY;

iii) MOTION TO TERMINATE EXCLUSIVE PERIOD TO SOLICIT ACCEPTANCES OF PLAN OF REORGANIZATION AND TO FILE A COMPETING PLAN (11 U.S.C. §1121(D));

iv) NOTICE OF MOTION ON MOTION TO TERMINATE EXCLUSIVE PERIOD TO SOLICIT ACCEPTANCES OF PLAN OF REORGANIZATION AND TO FILE A COMPETING PLAN (11 U.S.C. §1121(D));

/ / /

/ / /

v) REQUEST FOR JUDICIAL NOTICE IN SUPPORT OF MOTION TO TERMINATE EXCLUSIVE PERIOD TO SOLICIT ACCEPTANCES OF PLAN OF REORGANIZATION AND TO FILE A COMPETING PLAN (11 U.S.C. §1121(D)); and

vi) ORDER APPROVING MOTION TO TERMINATE EXCLUSIVE PERIOD TO SOLICIT ACCEPTANCES OF PLAN OF REORGANIZATION AND TO FILE A COMPETING PLAN (11 U.S.C. §1121(D)).

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "X"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	11.20	$ 670.00	$ 7,504.00
Robert A. Franklin	17.00	$ 510.00	$ 8,670.00
Thomas T. Hwang	4.80	$ 420.00	$ 2,016.00
Totals	33.00		$ 18,190.00

X. Debtor's Plan.

This project billing category includes your Applicant's attorneys' fees relative to the Debtor's plans of reorganization filed during the First Application Period and to negotiations specifically regarding such plans. After the commencement of the case, your Applicant engaged with Debtor's counsel in discussions about the Debtor's proposed terms for its plan. Your Applicant helped coordinate discourse and meetings between the Committee and the Debtor about the Debtor's proposed plans, and attended presentations by the Debtor on its proposals.

Your Applicant also analyzed an abundance of legal and factual issues, including feasibility concerns, likely to be raised by the Debtor's proposed plan terms, and communicated them to the Committee, addressing Committee questions and collecting feedback which your Applicant then conveyed to the Debtor, with the goal of having the Debtor ultimately address the Committee's concerns in its plan of reorganization. During this period, your Applicant prepared term sheets and memoranda of various plan terms at issue, during discussions. This exhaustive negotiation process enabled the Committee to pinpoint the major issues which the parties must address to successfully

reorganize in concert, and endured the majority of First Application Period until the Debtor filed its TPL PLAN OF REORGANIZATION (OCTOBER 31, 2013). Thereafter, your Applicant provided ongoing analyses of that plan and each successive plan filed by the Debtor (six in total) to the Committee, while continuing to foster discussions with the Debtor and to formulate proposals with the Committee to resolve disputes on certain plan terms. This category also covers your Applicant's fees incurred in communicating with interested third parties about the Debtor's various plans.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "Y"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	95.40	$ 670.00	$ 63,918.00
Robert A. Franklin	43.70	$ 510.00	$ 22,287.00
Thomas T. Hwang	45.80	$ 420.00	$ 19,236.00
Erin E. Knapp Darda	9.50	$ 300.00	$ 2,850.00
Totals	194.40		$ 108,291.00

Y. Debtor's Disclosure Statement.

This project billing category includes your Applicant's attorneys' fees relative to the Debtor's six disclosure statements filed during the First Application Period. With respect to each, your Applicant conducted a comprehensive evaluation of the information provided, including assessments of the Debtor's post-confirmation projections, and deliberated with the Committee at length in order to identify deficiencies, including omitted facts and information, which required supplementation by the Debtor to enable creditors to make informed decisions. Your Applicant expended time meeting and conferring with Debtor's counsel about the Committee's concerns about each disclosure statement, and prepared and filed several oppositions thereto. Your Applicant additionally filed a request to take the hearing of one of the debtor's disclosure statements off calendar, because the Debtor filed it without sufficient notice and time for creditors to consider it before hearing. During the First Application Period, your Applicant appeared at hearings on the

Debtor's disclosure statements, and also evaluated oppositions to the Debtor's disclosure statements filed by interested third parties.

Under this category your Applicant filed the following pleadings:

i) OBJECTION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO DEBTOR'S DISCLOSURE STATEMENT RE: TPL PLAN OF REORGANIZATION (NOVEMBER 22, 2013);

ii) REQUEST OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO TAKE DISCLOSURE STATEMENT HEARING OFF CALENDAR;

iii) DECLARATION OF ROBERT A. FRANKLIN IN SUPPORT OF REQUEST OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO TAKE DISCLOSURE STATEMENT HEARING OFF CALENDAR;

iv) REPLY TO DEBTOR'S OPPOSITION TO REQUEST OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO TAKE DISCLOSURE STATEMENT HEARING OFF CALENDAR

v) OBJECTION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO DEBTOR'S DISCLOSURE STATEMENT RE: TPL PLAN OF REORGANIZATION (DECEMBER 9, 2013);

vi) OBJECTION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO DEBTOR'S DISCLOSURE STATEMENT RE: TPL PLAN OF REORGANIZATION (DECEMBER 23, 2013); and

vii) OBJECTION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO DEBTOR'S DISCLOSURE STATEMENT RE: TPL PLAN OF REORGANIZATION (FEBRUARY 14, 2014).

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "Z"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	19.20	$ 670.00	$ 12,864.00
Robert A. Franklin	64.80	$ 510.00	$ 33,048.00
Thomas T. Hwang	36.40	$ 420.00	$ 15,288.00
Totals	120.40		$ 61,200.00

Z. Committee's Plan.

This project billing category includes your Applicant's attorneys' fees relative to the Committee's formulation and drafting of its plans of reorganization. The Committee's plan of reorganization proposes to replace current management of the Debtor. In order to fully comprehend

the viability of the Committee's plan and the necessary steps to achieve it, your Applicant communicated extensively with the Committee and other parties, reviewed numerous documents and pleadings, and investigated the Debtor's business operations and pending litigation. In addition, your Applicant analyzed and conducted legal research on confirmation issues, including third party releases, classification and voting, feasibility, requirement of an accepting impaired class, and cramdown. Your Applicant also evaluated related plan execution issues including those related to leases and executory contracts, patents and licenses, claims asserted against the estate and secured debts.

Your Applicant continually communicated with the Committee on all plan issues, both through meetings and memoranda, and incorporated the Committee's input in both plans filed during the First Application Period. Your Applicant also reviewed filings and responded to questions and concerns from third parties regarding the Committee's proposed terms under its plans.

Under this category your Applicant filed the following pleadings:

i) OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION (DATED DECEMBER 17, 2013); and

ii) OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION (DATED FEBRUARY 14, 2014).

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "AA"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	19.00	$ 670.00	$ 12,730.00
Robert A. Franklin	22.90	$ 510.00	$ 11,679.00
Thomas T. Hwang	55.30	$ 420.00	$ 23,226.00
Totals	97.20		$ 47,635.00

AA. Committee's Disclosure Statement.

This project billing category includes fees incurred by your Applicant relative to the

preparation of the DISCLOSURE STATEMENT FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION (DATED DECEMBER 17, 2013) and the DISCLOSURE STATEMENT FOR OFFICIAL COMMITTEE OF Unsecured CREDITORS' PLAN OF REORGANIZATION (DATED FEBRUARY 14, 2014) (together, the "Disclosure Statements") and responses to objections thereto. Specifically, your Applicant endeavored to provide detailed information relevant for all parties in considering the Committee's accompanying plans of reorganization, and therefore, engaged in extensive research, investigation and discussions with the Committee on such matters as the Debtor's pre-petition conduct, precipitating factors causing the bankruptcy, descriptions of the Debtor's assets, the status of significant events during the bankruptcy case, outlining all claims and liens asserted against the Debtors, the Committee's preliminary position with respect to significant claims, the Debtor's assets and liabilities, the Committee's proposed operation of the Debtor post-confirmation, and the Committee's projections of the Debtor's revenues and expenses under new management.

Preparation of the Disclosure Statements was part of the Committee's plan preparation process and required legal research regarding appropriate plan provisions and creditor treatment, as well as confirmation requirements, and the drafting and service of pleadings related to the plans and Disclosure Statements. Certain specific issues requiring analysis included, among other things, the following: efficacy of replacing the Debtor's officers with new management; identification of executory contracts to be assumed or rejected and the implications of treatment related thereto; review and evaluation of liens asserted against the Debtor and appropriate classification and treatment of same; the status of claims and the categorization and treatment of classes related thereto; the timing for distributions; impairment of classes; and subordination of claims.

A further hearing on the adequacy of the Committee's Disclosure Statement dated February 14, 2014, is set for March 26, 2014.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "BB"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

/ / /

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	3.70	$ 670.00	$ 2,479.00
Robert A. Franklin	46.80	$ 510.00	$ 23,868.00
Thomas T. Hwang	22.90	$ 420.00	$ 9,618.00
Totals	73.40		$ 35,965.00

BB. Trustee/Contempt Motion.

This project billing category includes your Applicant's attorneys' fees relative to the Committee's motion seeking appointment of a chapter 11 trustee and an order to show cause regarding contempt against Mr. Leckrone. At various points during the case, your Applicant has conferred with the Committee regarding whether appointment of a chapter 11 trustee would benefit the estate's creditors. After your Applicant discovered the Debtor's alleged violation of the Settlement Procedures Order, it met with the Committee which determined, based on the Debtor's violation and other reasons (including, *inter alia*, the Debtor's inherent conflicts of interest with respect to certain affiliated parties, and the Debtor's bad faith conduct during the case), that appointment of a chapter 11 trustee was necessary to preserve value for the benefit of creditors.

In preparing the motion, which required the Committee to surmount the presumption in favor of permitting a chapter 11 debtor to remain in possession, your Applicant engaged Committee members and other parties in discussions about the Debtor, reviewed documents and various court filings, conducted legal research and otherwise collected evidence to support the motion. Due to the nature of the relief requested in the motion, your Applicant responded to many inquiries from third parties, evaluated the Court's orders and reviewed and, where necessary, responded to numerous responsive filings submitted by parties including the Debtor. Your Applicant argued the motion at a hearing on January 23, 2014, at which time the Court continued the hearing to March 26, 2014.

Under this category your Applicant filed the following pleadings:

i) MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

ii) DECLARATION OF JOHN WALSHE MURRAY IN SUPPORT OF MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

iii) DECLARATION OF SALLIE KIM IN SUPPORT OF MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) APPOINTING A CHAPTER 11 TRUSTEE; AND (2) DIRECTING DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY HE SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS COURT'S ORDER;

iv) DECLARATION OF GLORIA FELCYN IN SUPPORT OF MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) APPOINTING A CHAPTER 11 TRUSTEE; AND (2) DIRECTING DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY HE SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS COURT'S ORDER;

v) DECLARATION OF CLIFFORD FLOWERS IN SUPPORT OF MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) APPOINTING A CHAPTER 11 TRUSTEE; AND (2) DIRECTING DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY HE SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS COURT'S ORDER;

vi) DECLARATION OF CARLTON JOHNSON, JR. IN SUPPORT OF MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) APPOINTING A CHAPTER 11 TRUSTEE; AND (2) DIRECTING DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY HE SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS COURT'S ORDER;

vii) NOTICE OF HEARING ON MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

viii) EX PARTE MOTION FOR ORDER SHORTENING TIME FOR HEARING ON MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

ix) DECLARATION OF JOHN WALSHE MURRAY IN SUPPORT OF EX PARTE MOTION FOR ORDER SHORTENING TIME FOR HEARING ON MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS COURT'S ORDER;

x) REPLY TO TPL'S OPPOSITION TO MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

xi) DECLARATION OF ROBERT A. FRANKLIN IN SUPPORT OF REPLY TO TPL'S OPPOSITION TO MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

xii) SUPPLMENTAL DECLARATION OF GLORIA FELCYN IN SUPPORT OF REPLY TO TPL'S OPPOSITION TO MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

xiii) SUPPLMENTAL DECLARATION OF CARLTON JOHNSON, JR. IN SUPPORT OF REPLY TO TPL'S OPPOSITION TO MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER;

xiv) REQUEST FOR JUDICIAL NOTICE IN SUPPORT OF REPLY TO TPL'S OPPOSITION TO MOTION OF CREDITORS' COMMITTEE FOR ORDERS (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS COURT'S ORDER; and

xv) OMNIBUS RESPONSE TO OBJECTIONS TO DECLARATIONS IN SUPPORT OF MOTION OF CREDITORS' COMMITTEE FOR ORDERS: (1) DIRECTING THE APPOINTMENT OF A CHAPTER 11 TRUSTEE; AND (2) DIRECTING THE DEBTOR AND DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE WHY THEY SHOULD NOT BE HELD IN CONTEMPT OF COURT FOR VIOLATION OF THIS COURT'S ORDER.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "CC"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	86.70	$ 670.00	$ 58,089.00
Robert A. Franklin	19.50	$ 510.00	$ 9,945.00
Thomas T. Hwang	33.90	$ 420.00	$ 14,238.00
Totals	140.10		$ 82,272.00

CC. Claims.

This project billing category includes your Applicant's attorneys' fees relative to the claims

and scheduled debts asserted in the bankruptcy case. In aid of the Committee's fulfillment of its fiduciary duties, your Applicant has conducted a comprehensive analysis of all claims asserted against the estate, including a thorough examination of documentation and an evaluation of all legal and evidentiary issues for each claim, and prepared summary reports and memoranda on certain more controversial claims. This analysis has been especially important in this case where the large majority of claims in amount are asserted by insiders and affiliates of the Debtor. Your Applicant's efforts have resulted, inter alia, in a comprehension of the body of claims, the identification of claims which are objectionable, and claims which require more evidentiary support. This information not only has been integral in the Committee's formulation of decisions about strategies and negotiations, but also in preparing its plan and disclosure statement in the case. In addition, this category incorporates your Applicant's fees incurred in discussing claims with Debtor's counsel, reviewing the claims register, and assisting and counseling the Committee and its members with respect to the claims filing and objection process.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "DD"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	10.40	$ 670.00	$ 6,968.00
Robert A. Franklin	27.60	$ 510.00	$ 14,076.00
Thomas T. Hwang	27.80	$ 420.00	$ 11,676.00
Totals	65.80		$ 32,720.00

DD. Objections to Claims.

This project billing category includes your Applicant's attorneys' fees relative to the preparation of objections to claims. During the First Application Period, your Applicant drafted objections to certain claims which the Committee has determined should not be allowed against the estate, during which process your Applicant evaluated documentary evidence, considered representations from the Debtor which allegedly support such claims, and conducted legal research.

Your Applicant substantially drafted several objections with supporting pleadings, but the objection process has been suspended to permit negotiations (which may relate to the classification and treatment of certain claims) with the Debtor on the terms of a consensual plan, to proceed.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "EE"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	0.50	$ 670.00	$ 335.00
Thomas T. Hwang	10.60	$ 420.00	$ 4,452.00
Totals	11.10		$ 4,787.00

EE. Subordination/Recharacterization of Claims.

This project billing category includes your Applicant's attorneys' fees relative to issues pertaining to the subordination and/or recharacterization of claims filed or scheduled in the case. Because (1) a large majority of claims are asserted by insiders and affiliates of the Debtor, many of whom the Committee believes have engaged in misconduct and/or have not provided benefit to the estate yet are receiving compensation from the estate, and (2) a large body of claims is based on "assignment agreements" or related documents, investments and/or arrangements, the Committee has required an analysis of all legal issues and potential outcomes with respect to all such claims so it may determine how such claims should be treated and make informed decisions whether certain claims should be subordinated or recharacterized. In this regard, your Applicant evaluated each of these claims and undertook a thorough analysis which required substantial research into a number of complex legal issues and various legal theories, both within and outside of the bankruptcy contexts. Ultimately, your Applicant prepared detailed memoranda for the Committee summarizing all issues pertinent to the potential subordination and/or recharacterization of these claims.

This category further contains your Applicant's fees relative to responding to questions from the Committee about your Applicant's analysis and memoranda, and discussions with specific

Committee members.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "FF"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	12.60	$ 670.00	$ 8,442.00
Robert A. Franklin	62.20	$ 510.00	$ 31,722.00
Thomas T. Hwang	0.80	$ 420.00	$ 336.00
Totals	75.60		$ 40,500.00

FF. Motion for Standing.

This project billing category includes your Applicant's attorneys' fees relative to the Committee's request for derivative standing and authority from the Court to investigate, commence and prosecute actions. Because of the Debtor's inherent conflicts of interest with certain insiders and affiliates to which transfers from the estate have been made, the Debtor's persistent willingness to defend such insiders and affiliates rather to investigate claims against them, and the need to pursue colorable claims as valuable estate assets on behalf of creditors, your Applicant prepared and filed with the Court a motion requesting that the Court grant the Committee derivative standing to pursue actions against the Debtor's affiliates and insiders, including Mr. Leckrone and his whole-owned or partially-owned entities. During this First Application Period, your Applicant conducted extensive research, conferred with Committee members, evaluated potential claims, and investigated and identified potential defendants. Your Applicant also reviewed and filed responses to pleadings filed by the Debtor and other third parties. The Committee's motion is set for hearing on March 26, 2014.

Under this category your Applicant filed the following pleadings:

i) MOTION FOR ORDER GRANTING LEAVE, STANDING AND AUTHORITY TO COMMENCE AND PROSECUTE CLAIMS OF THE DEBTOR'S ESTATE;

ii) NOTICE OF HEARING ON MOTION FOR ORDER GRANTING LEAVE, STANDING AND AUTHORITY TO INVESTIGATE, COMMENCE, PROSECUTE AND SETTLE ACTIONS OF THE DEBTOR'S ESTATE;

iii) EX PARTE MOTION FOR ORDER SHORTENING TIME FOR HEARING ON MOTION FOR ORDER GRANTING LEAVE, STANDING AND AUTHORITY TO INVESTIGATE, COMMENCE, PROSECUTE AND SETTLE ACTIONS OF THE DEBTOR'S ESTATE;

iv) DECLARATION OF THOMAS T. HWANG IN SUPPORT OF EX PARTE MOTION FOR ORDER SHORTENING TIME FOR HEARING ON MOTION FOR ORDER GRANTING LEAVE, STANDING AND AUTHORITY TO INVESTIGATE, COMMENCE, PROSECUTE AND SETTLE ACTIONS OF THE DEBTOR'S ESTATE; and

v) OMNIBUS REPLY TO OPPOSITIONS TO MOTION FOR ORDER GRANTING LEAVE, STANDING AND AUTHORITY TO INVESTIGATE, COMMENCE, PROSECUTE AND SETTLE ACTIONS OF THE DEBTOR'S ESTATE.

Project Summary

Attorneys' fees related to this project billing category are set forth and described in detail in **Exhibit "GG"** hereto and by this reference incorporated herein, which exhibit identifies the individual professionals who performed specific services and can be summarized as follows:

Professional hours expended:

Attorney	Hours	Rate	Amount
John Walshe Murray	4.00	$ 670.00	$ 2,680.00
Robert A. Franklin	11.10	$ 510.00	$ 5,661.00
Thomas T. Hwang	36.40	$ 420.00	$ 15,288.00
Totals	51.50		$ 23,629.00

IX. PROJECT BILLING SUMMARY.

A summary of all project billing categories used by your Applicant in this case, including hours of professional time devoted to each category and the amount of attorneys' fees incurred therefor, is attached hereto as **Exhibit "HH"** and by this reference incorporated herein.

X. BILLING SUMMARY.

In the course of its representation of the Committee in these matters from April 3, 2013, through February 28, 2014, Dorsey has devoted in excess of 2,141 hours of professional time in the performance of such services, including those set forth hereinabove, as indicated on Dorsey's Master Time Summary, a copy of which is attached hereto as **Exhibit "II"** and by this reference incorporated herein. The Master Time Summary identifies the individual professionals who

performed specific services and can be summarized as follows:

Attorney	Hours	Rate	Amount
John Walshe Murray	828.80	$ 670.00	$ 555,296.00
Robert A. Franklin	687.40	$ 510.00	$ 350,574.00
Thomas T. Hwang	607.90	$ 420.00	$ 255,318.00
Erin E. Knapp Darda	24.70	$ 300.00	$ 7,410.00
Totals	2,148.80		$ 1,168,598.00

A curriculum vitae for each of the attorneys who devoted time to this matter during the application period is attached hereto collectively as **Exhibit "JJ"** and by this reference incorporated herein. The bar admission dates for each of the attorneys who devoted time to this matter are as follows:

John Walshe Murray	June 28, 1977
Robert A. Franklin	May 9, 1980
Thomas T. Hwang	February 2, 2002
Erin E. Knapp Darda	May 9, 2008 (Minnesota)

XI. REIMBURSEMENT OF EXPENSES.

Dorsey has also incurred expenses in the sum of $5,312.17 from April 3, 2013, through February 28, 2014 as itemized on **Exhibit "KK"** attached hereto and by this reference incorporated herein. The amounts currently charged by Dorsey for ordinary and customary expenses are as follows:

Automobile travel:[3]	56.5¢ / mile
Faxes:	20¢ / page
Internal photo-copying:	20¢ / copy
Computerized research:	actual cost
Court reporters fees:	actual cost
Document storage & disposal:	actual cost
Filing fees:	actual cost
Lien searches:	actual cost

[3] No part of the automobile travel expense requested herein is attributable to travel by a professional, a paraprofessional or other staff members, regardless of the day of the week or time of the day, between his or her residence and principal place of business. The mileage reimbursement rate is in conformity with the amount allowed by the Internal Revenue Service.

Long distance telephone:	actual cost
Messenger:[4]	actual cost
Other travel (e.g. airfare):	actual cost
Outside photo-copying:	actual cost
Overnight delivery:[5]	actual cost
Parking:[6]	actual cost
Postage:	actual cost
Printing:	actual cost
Process service:	actual cost
UCC Searches:	actual cost
Witness fees:	actual cost
Working meals:	actual cost

XII. PRIOR COMPENSATION.

The Committee has agreed that Dorsey shall be compensated for services and reimbursed for expenses from the estate, subject to the Court's approval, pursuant to Sections 328, 330, 331, 503, and 507 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedures, applicable Local Rules, and the fee guidelines promulgated by the Court. This is your Applicant's first application for compensation in the case. Dorsey has not received any prior compensation from the estate, the Committee or otherwise in connection with this case.

XIII. VOLUNTARY REDUCTIONS.

In the exercise of its billing discretion, your Applicant has written off thousands of dollars of its fees incurred in the First Application Period. In addition, Dorsey has waived the amount of $24,341.00, for services provided to the Committee prior to the First Application Period. Furthermore, during the First Application Period, your Applicant increased its billing rates as a standard periodic adjustment pursuant to firm-wide practice. However, your Applicant did not apply increased billing rates in this matter and charged the same rates during the entire First Application Period.

---

[4] Dorsey utilizes a messenger service only when circumstances warrant same day delivery or when the article delivered is of such import that its safe and timely delivery cannot be entrusted to the United States Postal Service.

[5] Dorsey utilizes overnight delivery services only when circumstances warrant delivery faster than can be achieved by first class mail.

[6] No part of the parking expense requested herein is attributable to parking for professionals, para-professionals or other staff members at their principal place of business regardless of the day of week or time of the day.

XIV. SOURCE OF COMPENSATION.

The source of compensation to be paid to your Applicant is cash held by the Debtor and the Committee Carve Out funded by the Debtor pursuant to the cash collateral orders entered in the case. As set forth above, the Debtor's January MOR filed with the Court on February 21, 2014, shows total assets of $2,936,766 and cash and cash equivalents of $503,982.

As set forth above, the Debtor's Schedules listed a value for its assets of $4,472,651.31, but this total excludes claims, rights, and general intangibles, the value of which the Debtor contends is impossible to estimate precisely. Assuming that its various patent portfolios can be fully commercialized through licensing programs for clients and infringement suits against violators over time, the Debtor has contended during this case that its assets are worth in excess of $100 million.

XV. NO SHARING OF COMPENSATION

No compensation previously received by Dorsey has been shared with any other person, and no agreement or understanding exists between Dorsey and any other person for the sharing of compensation received or to be received for services rendered in, or in connection with, this case, except with the regular members and associates of Dorsey.

XVI. UNPAID CHAPTER 11 EXPENSE OF ADMINISTRATION CLAIMS

Applicant is informed and believes that, in addition to the claim of your Applicant set forth herein, unpaid Chapter 11 expense of administration claims include those of the Debtor's professionals, including its bankruptcy counsel, patent litigation counsel, and special IP counsel, and those of Alliacense for litigation support and patent prosecution and maintenance services.

XVII. RELIEF REQUESTED

By this Application, Dorsey seeks interim allowance and approval of payment for all attorneys' fees and expenses incurred by Dorsey in its representation of the Committee from April 3, 2013, through February 28, 2014, in the amounts of $1,168,598.00 and $5,312.17, respectively. In view of the time expended, the responsibilities assumed, and the reputation and skill of your Applicant in the field of bankruptcy and commercial law, your Applicant respectfully submits that the foregoing represents the reasonable value of the services rendered. Your Applicant believes that the services rendered were necessary, and that the attorneys' fees requested constitute reasonable and

necessary fees expended on behalf of the estate.

XVIII. LEGAL STANDARD FOR DETERMINING REASONABLE COMPENSATION

Section 330(a)(1) authorizes "reasonable compensation for actual, necessary services rendered" by a professional. 11 U.S.C. § 330(a)(1). Section 330(a)(3), which outlines the factors a court shall consider when determining what is reasonable compensation for services rendered, provides:

> In determining the amount of reasonable compensation to be awarded to a . . . professional person, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –
>
> (A) the time spent on such services;
>
> (B) the rates charged for such services;
>
> (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
>
> (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
>
> (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
>
> (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

Pursuant to section 330(a)(4)(A), a bankruptcy court shall not award fees if the services rendered were unnecessarily duplicative. Additionally, the court may not award compensation if the services rendered were not reasonably likely to benefit the estate or were unnecessary for the administration of the estate. 11 U.S.C. § 330(a)(4)(A).

Typically with respect to a debtor's professionals, a determination as to the reasonableness of requested fees will include following inquiries:

(a) Were the services authorized?

(b) Were the services necessary or beneficial to the administration of the estate at the

time they were rendered?

(c) Are the services adequately documented?

(d) Are the fees requested reasonable, taking into consideration the factors set forth in section 330(a)(3)?

(e) Did the professional exercise reasonable billing judgment?

Roberts, Sheridan & Kotel, P.C. v. Bergen Brunswig Drug Co. (In re Mednet), 251 B.R. 103, 108 (9th Cir. BAP 2000), cited with approval in *Leichty v. Neary (In re Strand)*, 375 F.3d 854, 860 (9th Cir. 2004).

SERVICES WERE AUTHORIZED.

In this case, the Court authorized your Applicant's employment pursuant to the Employment Order entered on May 15, 2013. The services performed by your Applicant are compensable as they are properly charged legal services, as opposed to administrative or otherwise nonlegal services. *See Unsecured Creditors' Comm. v. Puget Sound Plywood, Inc.*, 924 F.2d 955, 958 (9th Cir. 1990).

SERVICES WERE NECESSARY TO ADVANCE THE INTERESTS OF UNSECURED CREDITORS.

As set forth above in the factors delineated in *Mednet* (specifically factor "(b)"), a professional seeking compensation under section 330(a) must demonstrate that services provided were necessary or beneficial to the administration of the estate at the time they were rendered. This factor, however, applies to a debtor's professionals and not those of a committee because a committee does not represent the interests of a bankruptcy estate. *See In re SPM Mfg. Corp.*, 984 F.2d 1305, 1315 (1st Cir. 1993) ("…the committee is a fiduciary for those whom it represents, not for the debtor or the estate generally.). Therefore, it is inherently the case that a committee's professionals, while fulfilling their duties to their constituents, often will not be able to demonstrate a benefit to the estate. In fact, as one court has pointed out, strict adherence to a requirement that there be demonstrable "benefit to the estate" could lead to an absurd result in the instance, for example, where a creditor committee's professionals incur fees for efforts directed towards the allocation of limited estate assets to creditors. *In re Thrifty Oil Co.*, 205 B.R. 1009, 1019 (Bankr. S.D. Cal. 1997).

It is therefore more appropriate to inquire whether the services rendered by a committee's

professionals advanced the interests of its constituents. 3 *Collier on Bankruptcy* P330.03 (Alan N. Resnick & Henry J. Sommer eds., 16th ed.); *see also, e.g., In re Gadzooks, Inc.*, 352 B.R. 796, 812 (Bankr. N.D. Tex. 2006) (fees awarded to equity committee counsel for efforts towards plan of reorganization that provided value for equity security holders via a rights offering; fees disallowed for amounts incurred after it became apparent that the plan would not be pursued and equity security holders could no longer benefit). This would include necessary services which "are those rendered to the committee in connection with the committee's performance of its functions under 11 U.S.C. § 1103(c)." *In re Lifschultz Fast Freight*, 140 B.R. 482, 485 (Bankr. N.D. Ill. 1992). They are, however, not limited to services provided under a strict reading of section 1103(c)[7]. The court in *Thrifty Oil*, proferred a more sensible approach:

> Perhaps the better approach to testing the "benefit" of services by an OCC's professional is to determine whether those services -- even those in furtherance of the OCC's 1103(c) duties -- were intended to increase the value of the return to the committee constituency and were reasonably anticipated to do so when rendered. Investigation of a debtor should not be undertaken unless it is reasonably believed necessary to achieve a benefit, avoid a loss, or assist in effective bargaining on the constituency's behalf. It should not be undertaken where it unnecessarily duplicates other services. By taking this approach to evaluating the "benefit" of services by an OCC's professionals, those professionals would be able to properly represent the committee without being concerned about monetary benefit to the estate.

Thrifty Oil Co., supra, 205 B.R. at 1019.

Two salient points should be noted from *Thrifty Oil Co*. First, the inquiry as to the reasonableness of services is whether they were intended to increase the return to creditors and were reasonably anticipated to do so *when rendered*. Therefore, as with the considerations of the fees incurred by a debtor's professionals, the standard does not examine in hindsight whether an actual

---

[7] Section 1103(c) provides:

A committee appointed under section 1102 of this title may—

(1) consult with the trustee or debtor in possession concerning the administration of the case;

(2) investigate the acts, conduct, assets, liabilities, and financial condition of the debtor, the operation of the debtor's business and the desirability of the continuance of such business, and any other matter relevant to the case or to the formulation of a plan;

(3) participate in the formulation of a plan, advise those represented by such committee of such committee's determinations as to any plan formulated, and collect and file with the court acceptances or rejections of a plan;

(4) request the appointment of a trustee or examiner under section 1104 of this title; and

(5) perform such other services as are in the interest of those represented.

material benefit was provided, but "only that the services were 'reasonably likely' to benefit the estate at the time the services were rendered." *In re Mednet, supra*, 251 B.R. at 108; *see also Lobel & Opera v. United States Trustee (In re Auto Parts Club, Inc.)*, 211 B.R. 29, 35 (9th Cir. BAP 1997) ("The policy behind § 330 is not one based on hindsight, but rather one based on an objective determination at the time services were rendered."); *In re Drexel Burnham Lambert Group, Inc.*, 133 B.R. 13, 23 (Bankr.S.D.N.Y. 1991) ("The Court's benefit of '20/20 hindsight' should not penalize professionals."). This approach is codified in section 330(a)(3)(C), which directs the court to consider the services provided with regard to whether the services were necessary to the administration of the case, or were beneficial to the completion of the case *at the time the services were rendered*. 11 U.S.C. § 330(a)(3)(C) (emphasis added). Indeed, fees should be disallowed "only where a Court is convinced it is readily apparent that no reasonable attorney should have undertaken that activity or project or where the time devoted was excessive. This is especially true where, after the fact, matters have ultimately been resolved by consent." *Drexel Burnham Lambert Group*, 133 B.R. at 23. Thus, services reasonably likely to provide an identifiable, tangible and material benefit to the estate when rendered are compensable even if they don't ultimately provide actually such a benefit (as long as the services are otherwise compensable under section 330(a)). *Smith v. Edwards & Hale et. al. (In re Smith)*, 317 F.3d 918, 926 (9th Cir. 2002), abrogated on other grounds by *Lamie v. United States Trustee*, 540 U.S. 526, 531-39 (2004). In other words, section 330 does not restrict compensation to only successful actions:

> To the contrary, so long as there was a reasonable chance of success which outweighed the cost in pursuing the action, the fees relating thereto are compensable. Moreover, professionals must often perform significant work in making the determination whether a particular course of action could be successful. Such services are also compensable so long as, at the outset, it was not clear that success was remote.

In re Jefsaba, Inc., 172 B.R. 786, 799 (Bankr.E.D.Pa. 1994); *see also, e.g., In re American Metallurgical Products Co., Inc.*, 228 B.R. 146, 159 (Bankr.W.D.Pa. 1998) (Fact that chapter 11 plan ultimately was not confirmed does not, by itself, bar recovery of compensation for services performed in the case.).

Second, benefit to the estate is not restricted to economic benefit only. *In re Lifschultz Fast*

Freight, Inc., 140 B.R. 482, 488 (Bankr.N.D.Ill. 1992) ("The issue under section 330(a) is whether services for which compensation is sought are 'necessary services.' Necessary services have always included services that aid in the administration of the case and help the client fulfill duties under bankruptcy law, whether or not those services result in a monetary benefit to the estate."). As the *Thrifty Oil Co.* court observed, if monetary benefit "were the sole measure of compensability, an OCC's professionals would be constantly placed in a conflict of interest; weighing whether taking a position adverse to the debtor will result in a denial of fees." *Thrifty Oil Co.*, 205 B.R. at 1019 (*citation omitted*).

In this instance, it is clear that the services provided by your Applicant all were calculated toward advancing the interests of the Committee's constituents. Due to the Debtor's unique business model and its numerous affiliates and insider parties, your Applicant has been required to achieve a comprehensive, encompassing examination of all of the Debtor's transactions as well its associations with numerous related parties. Investigation into the Debtor and its affiliates, their financial affairs and their transactions with each other and other parties, was necessary to fully comprehend the Debtor's business and its relationships, revenue sources, and expenses and other expenditures. This has enabled the Committee to, among other things, forecast outcomes and develop an understanding as to the viability of the company and the feasibility and likelihood of its ability to successfully reorganize under various proposed scenarios. It also has enabled the Committee to develop its own strategy for reorganization which is embodied in its Plan and Disclosure Statement.

Examination of the Debtor's bankruptcy transactions, including its settlements, licensing agreements, sales transactions, proposed budgets and payments to professionals and other third parties, was necessary to prevent against the risk of dissipating estate assets to the detriment of creditors.

Your Applicant's analysis of claims asserted against the company – many of which are asserted in exorbitant amounts by insiders and affiliates - has been necessary to grasp the estate's liabilities, distinguish claims of affiliated and non-affiliated creditors, and forecast the viability and extent of asserted claims. Similarly, your Applicant's investigation into the Debtor's and its insiders' transactions has been necessary to identify and evaluate potential actions – and therefore

potential estate assets - which the Debtor may assert against third parties, and to assess the viability and value of such actions. This is especially important in this case where revenues have waned, estate assets are dissipating and income is highly speculative and unpredictable.

As set forth above, the Committee understands the myriad of issues underlying this case and in order to minimize administrative costs has engaged in negotiations through the entire case, on multiple occasions. The information obtained by your Applicant and the analysis and counsel provided by your Applicant has enabled the Committee to frame and comprehend the key factual and legal issues and has provided a foundation for negotiations with the Debtor to address both bankruptcy and non-bankruptcy operational issues, within a framework of terms which the Committee believes are necessary to maximize the likelihood of a return to creditors. Your Applicant has spearheaded negotiation efforts throughout the case.

In sum, due in large part to the unique nature of the Debtor's business and revenue sources, the financial performance in the bankruptcy case, the erratic documentation of agreements and contracts, the numerous parties and the intertwined relations, your Applicant has devoted substantial time and effort in services all directed towards preventing against a loss of estate assets, bargaining on behalf of creditors or otherwise advancing the interests of creditors.

SERVICES WERE ADEQUATELY DOCUMENTED.

As detailed in the exhibits to this Application, your Applicant's time records include itemized daily entries which reflect the activity performed, the attorney responsible, the time expended, and a description of the nature and substance of the work performed, and were recorded in the regular and ordinary course of business contemporaneously with the services provided.

THE FEES REQUESTED ARE REASONABLE.

The primary method for determining reasonable compensation is the "lodestar" method, under which the number of hours which are reasonably expended on a case are multiplied by a reasonable hourly rate. *Law Offices of David A. Boone v. Derham-Burk (In re Eliapo)*, 468 F.3d 592, 597 (9th Cir. 2006); *Puget Sound Plywood*, *supra*, 924 F.2d at 960.

Section 330(a)(3)(F) provides that "reasonableness" is to be measured by, among other criteria, whether the compensation is based on "customary compensation charged by comparably

skilled practitioners in cases other than cases under this title." 11 U.S.C. § 330(a)(3)(F). The prevailing market rate in the community is indicative of a reasonable hourly rate. *Blum v. Stenson*, 465 U.S. 886, 895, n.11 (1984); *In re Auto Parts Club, Inc.*, 224 B.R. 445, 449 (Bankr.S.D.Cal. 1998); *In re Gianulias*, 111 B.R. 867, 870 (E.D.Cal. 1989). In bankruptcy cases, "the hourly rate must compare favorably to the rate that would be charged by 'comparably skilled' attorneys for similar services rendered in a non-bankruptcy context." *In re Charles Russell Buckridge, Jr.*, 367 B.R. 191, 206 n.24 (Bankr.C.D.Cal. 2007) (citations omitted).

"There is a 'strong presumption' that payment of one's standard hourly rates constitutes 'reasonable compensation.'" *In re Meronk*, 249 B.R. 208, 213 (B.A.P. 9th Cir. 2000) (*quoting In re Manoa Finance Co.*, 853 F.2d 687, 692 (9th Cir. 1988). Accordingly, the lodestar figure is presumed to be a reasonable fee which should only be adjusted in rare or exceptional cases. *Pennsylvania v. Del. Valley Citizens' Council for Clean Air*, 478 U.S. 546, 565 (1986)

After determining whether the hourly rates are reasonable, the court is to consider whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue or task addressed. 11 U.S.C. § 330(a)(3)(D); *In re SonicBlue, Inc.*, 2006 Bankr. LEXIS 1576, *13 (Bankr.N.D. Cal 2006).

In this case, your Applicant disclosed its hourly rates in the Employment Application which was approved by the Employment Order. Your Applicant submits that the fees requested herein are reasonable given the time and effort expended, the responsibilities assumed, and the reputation and skill of Dorsey in the field of bankruptcy and commercial law. The hourly rates of your Applicant's attorneys range from $300.00 to $670.00, and your Applicant charges the same rates for bankruptcy and non-bankruptcy matters. Dorsey submits that these hourly rates are in line with those prevailing in the San Francisco Bay Area for similar services by attorneys of reasonably comparable skill, experience, and reputation.

APPLICANT EXERCISED REASONABLE BILLING JUDGMENT.

In exercising reasonable billing judgment, the professional must consider:

(1) Is the burden of the probable cost of legal services disproportionately large in relation to the size of the estate and maximum probable recovery?

(2) To what extent will the estate suffer if the services were not rendered?

(3) To what extent may the estate benefit if the services are rendered and what is the likelihood of the disputed issues being resolved successfully?

In re Mednet, *supra*, 251 B.R. at 108, n. 7, citing to *Puget Sound Plywood*, *supra*, 924 F.2d at 959.

All of the services provided by Dorsey were reasonable and beneficial to the estate at the time they were rendered, were not disproportionately large in relation to the benefit provided, and were necessary to the successful administration of the case. In view of the time expended, the responsibilities assumed, and the reputation and skill of Dorsey in the field of bankruptcy and commercial law, Dorsey respectfully submits that the foregoing represents the reasonable value of the services rendered. Dorsey believes that the services rendered were necessary, and that the attorneys' fees requested constitute reasonable and necessary fees expended on behalf of the estate.

WHEREFORE, your Applicant prays that this Court enter its Order (i) approving, on an interim basis, the attorneys' fees incurred by Dorsey in its representation of the Committee from April 3, 2013, through February 28, 2014, in the sum of $1,168,598.00; (ii) approving, on an interim basis, reimbursement of all expenses incurred by Dorsey in its representation of the Committee from April 3, 2013, through February 28, 2014, in the sum of $5,312.17; (iii) authorizing your Applicant to apply the Committee Carve Out (to the approved attorneys' fees incurred by Dorsey in its representation of the Committee from April 3, 2013, through February 28, 2014; (iv) authorizing and directing the Debtor to pay to Dorsey the sum of $643,598.00 (consisting of $1,168,598.00 less the amount of the Committee Carve-Out which to date, is $525,000) for services rendered from April 3, 2013, through February 28, 2014; (v) authorizing and directing the Debtor to pay to Dorsey the sum of $5,312.17 for expenses incurred from April 3, 2013, through February 28, 2014, but not yet reimbursed; and (vi) for such other and further relief as the Court deems just and proper.

Dated: March 19, 2014

DORSEY & WHITNEY LLP

By: */s/ John Walshe Murray*
John Walshe Murray
Attorneys for Official Committee
of Unsecured Creditors

CERTIFICATION RE COMPLIANCE WITH GUIDELINES FOR COMPENSATION AND EXPENSE REIMBURSEMENT OF PROFESSIONALS

I, John Walshe Murray, am the professional designated by Dorsey & Whitney LLP ("Dorsey") with the responsibility in this case for compliance with the GUIDELINES FOR COMPENSATION AND EXPENSE Reimbursement OF PROFESSIONALS AND TRUSTEES (the "Guidelines") promulgated by this Court on July 8, 2004, and I hereby certify that:

(1) I have read the foregoing Application;

(2) To the best of my knowledge, information and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought herein is in conformity with the Guidelines, except as follows:

a. The Application includes 20 project billing categories (out of a total of 32) that exceed $20,000. Dorsey has created additional project billing categories where possible. However, given the nature of some of the services, it was not feasible in every instance to create a project billing category of less than $20,000. Your Applicant believes that the Application includes project billing categories that are appropriate to the size and complexity of this case and for Dorsey's role as counsel to the Official Committee of Unsecured Creditors.

b. Dorsey has included all of its expenses on one exhibit to the Application **Exhibit "KK"** rather than specifying expenses for each project billing category as it is not practical to separate the expenses by project billing category; and

c. The results in this case generally are discussed in the introductory paragraphs to the Application but the pendency of some matters is ongoing and therefore a description of the "results obtained" for each project or task was not appropriate in every instance;

(3) The compensation and expense reimbursement requested are billed at rates, in accordance with practices, no less favorable than those customarily employed by Dorsey and generally accepted by Dorsey's clients;

(4) All of the time records attached to this Application are accurate and were recorded in the regular and ordinary course of business contemporaneously with the services provided; and

(5) This Application was transmitted to the Debtor with the cover letter required by the

Guidelines, a copy of which is attached hereto as **Exhibit "LL"** and by this reference incorporated herein.

I hereby certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief formed after reasonable inquiry.

Dated: March 19, 2014

/s/ John Walshe Murray
John Walshe Murray

EXHIBIT INDEX

EXHIBIT A	EMPLOYMENT AUTHORIZATION.
EXHIBIT B	CASE ADMINISTRATION.
EXHIBIT C	INTERNAL COMMUNICATIONS AND CASE MANAGEMENT.
EXHIBIT D	COMMUNICATIONS WITH COMMITTEE.
EXHIBIT E	COMMITTEE MEETING MINUTES AND SUMMARIES.
EXHIBIT F	COMMUNICATIONS WITH DEBTOR (GENERALLY).
EXHIBIT G	COMMUNICATIONS WITH THIRD PARTIES.
EXHIBIT H	EMPLOYMENT OF PROFESSIONALS - FORENSIC ACCOUNTANT.
EXHIBIT I	EMPLOYMENT OF PROFESSIONALS - DORSEY & WHITNEY LLP.
EXHIBIT J	EMPLOYMENT OF PROFESSIONALS - DEBTOR'S PROFESSIONALS.
EXHIBIT K	FINANCIAL PLEADINGS.
EXHIBIT L	INVESTIGATION AND DILIGENCE RE DEBTOR.
EXHIBIT M	INVESTIGATION AND DILIGENCE RE DEBTOR - NON DISCLOSURE AGREEMENTS.
EXHIBIT N	RELIEF FROM STAY.
EXHIBIT O	EXECUTORY CONTRACTS AND LICENSES.
EXHIBIT P	COMPENSATION OF PROFESSIONALS - DORSEY & WHITNEY LLP.
EXHIBIT Q	COMPENSATION OF PROFESSIONALS - BINDER & MALTER LLP.
EXHIBIT R	SETTLEMENT PROCEDURES MOTION.
EXHIBIT S	SETTLEMENTS AND LICENSES.
EXHIBIT T	CASH COLLATERAL.
EXHIBIT U	MEDIATION.
EXHIBIT V	NEGOTIATIONS WITH DEBTOR - PRE-MEDIATION.
EXHIBIT W	NEGOTIATIONS WITH DEBTOR - POST-MEDIATION.
EXHIBIT X	PLAN EXCLUSIVITY.
EXHIBIT Y	DEBTOR'S PLAN.
EXHIBIT Z	DEBTOR'S DISCLOSURE STATEMENT.
EXHIBIT AA	COMMITTEE'S PLAN.

EXHIBIT BB COMMITTEE'S DISCLOSURE STATEMENT.

EXHIBIT CC TRUSTEE/CONTEMPT MOTION.

EXHIBIT DD CLAIMS.

EXHIBIT EE OBJECTIONS TO CLAIMS.

EXHIBIT FF SUBORDINATION/RECHARACTERIZATION OF CLAIMS.

EXHIBIT GG MOTION FOR STANDING.

EXHIBIT HH PROJECT BILLING SUMMARY.

EXHIBIT II MASTER TIME SUMMARY.

EXHIBIT JJ CURRICULUM VITAE.

EXHIBIT KK REIMBURSEMENT OF EXPENSES.

EXHIBIT LL TRANSMITTAL LETTER TO CLIENT RE APPLICATION.