

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
JACKSONVILLE DIVISION**

**In re:**

**LYDIA CLADEK, INC.,**

**Debtor.**

**CASE NO. 3-10-bk-02805-PMG  
CHAPTER 11**

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITOR'S APPLICATION  
FOR ALLOWANCE OF ATTORNEY'S FEES AND FOR REIMBURSEMENT OF  
EXPENSES BY MATEER & HARBERT, P.A., AS FORMER COUNSEL FOR THE  
OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD  
FROM JULY 9, 2010 THROUGH AUGUST 31, 2010**

The Official Committee of Unsecured Creditors (the "Committee"), by and through its undersigned counsel, and pursuant to Sections 330 and § 331 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (the "Guidelines"), and the Final Order Granting Chapter 11 Trustee's Motion for Approval of Interim Compensation Procedures for Professionals dated July 27, 2010 (Dkt. No. 190; the "Interim Compensation Order"), submits this application for the allowance of compensation for professional services rendered by Mateer & Harbert, P.A. ("M&H") as former counsel for the Committee from July 9, 2010 through August 31, 2010 (the "Application Period"), and for reimbursement of expenses incurred in connection with such services, and in support states as follows:

**BACKGROUND**

1. On April 2, 2010, several petitioning creditors filed an involuntary Chapter 11 petition against Lydia Cladek, Inc., Case No. 10-bk-02800-PMG, in the United States Bankruptcy Court, Middle District of Florida, Jacksonville Division (the "Involuntary Case").

2. Subsequently, on April 5, 2010, Lydia Cladek, Inc. filed the instant voluntary Chapter 11 petition (the "Voluntary Case").

3. On April 7, 2010, several creditors filed an Emergency Motion to Consolidate the Involuntary and Voluntary Chapter 11 cases of Lydia Cladek, Inc. (Dkt. No. 13) along with an Emergency Motion to Appoint a Chapter 11 Trustee (Dkt. No. 11).

4. On April 12, 2010, the Court entered its Order Granting Motion to Consolidate providing that the Voluntary Case shall be the lead case. On that date, the Court also entered its Order Granting Motion to Appoint Chapter 11 Trustee (Dkt. No. 32), appointing Michael Phelan as Chapter 11 Trustee (the "Trustee").

5. On June 1, 2010, the United States Trustee appointed an Official Committee of Unsecured Creditors (Dkt. No. 111).

6. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. The statutory predicates for the relief sought herein are Section 1103(a) and (b) of the Bankruptcy Code and Bankruptcy Rules 2014 and 5002.

### **M&H'S RETENTION ORDER**

7. On July 12, 2010, the Committee filed its Application to Employ Jon E. Kane, Esq. as Counsel for the Official Committee of Unsecured Creditors *Nunc Pro Tunc* to July 9, 2010 (Dkt. No. 168; the "Retention Application").

8. On July 27, 2010, this Court entered an Order approving the Retention Application (Dkt. No. 191)<sup>1</sup>.

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<sup>1</sup> Attorney Jone E. Kane left the employment of M&H and began employment with Burr & Forman, LLP on September 1, 2010. A motion for Substitution of Counsel (Dkt. No. 247) was filed on September 24, 2010 by attorney Kane, formerly with M&H. On October 1, 2010, the Court entered an Order Granting the Motion for Substitution of Counsel (Dkt. No. 255; the "Substitution Order"), substituting Burr & Forman, LLP as counsel for the Committee in place of M&H.

9. M&H advised and represented the Committee as counsel in connection with the following areas:

a. advised and counseled the Committee concerning its statutory duties and powers in compliance with the order of this Court;

b. provided legal advice and assistance to the Committee in its consultation with the Trustee relative to the Trustee's administration of the case, recovery of assets and prosecution of litigation for the benefit of the estate and creditors;

c. represented the Committee at hearings held before the Court and communicated with the Committee regarding the issues raised, as well as the decisions of the Court;

d. reviewed and analyzed applications, motions, orders, statements of operations and schedules filed with the Court by the Trustee or third parties, advised the Committee as to their propriety, and, after consultation with the Committee, take appropriate action;

e. conferred with the Trustee and his attorneys and accountants and any other professionals retained by the Trustee on strategic matters, and advised the Committee with respect to same;

f. assisted the Committee in negotiations relative to asset sales and any proposed plan of liquidation;

g. assisted the Committee with such other services as may contribute to the confirmation of a plan;

h. advised and assisted the Committee in evaluating and prosecuting any claims that the estate may have against third parties;

i. assisted the Committee in performing such other services as may be in the interest of creditors and requested by the Committee.

10. All services for which compensation is requested in this Application were rendered in connection with the performance of the Committee, of duties prescribed by the Bankruptcy Court pursuant to orders of this Court, and related only to services rendered and costs expended or incurred in connection with this Chapter 11 proceeding.

11. M&H rendered continued and necessary legal services in these proceedings since first being retained by the Committee and through the entry of the Substitution Order.

12. This Application is the Committee's first and final application for approval of allowance of compensation and reimbursement of expenses for M&H. No prior application has been made to this or any other court for the relief requested herein.

13. In accordance with the Interim Compensation Order, M&H submitted monthly statements to the U.S. Trustee and counsel for the Trustee, seeking interim compensation and reimbursement of expenses. As of the filing of this Application, M&H has received one payment from the Trustee totaling the amount of \$52,975.34, which is the full amount of the compensation sought herein.

14. As required by the Interim Compensation Order, the Committee submits this Application requesting the Court for approval of the allowance of compensation paid by the Trustee in the amount of \$52,975.34.

#### **AMOUNTS REQUESTED AND SUMMARY OF TIME**

15. M&H agreed to seek compensation on an hourly rate for all services rendered regarding this bankruptcy proceeding on behalf of the Committee. A billing summary for the Application Period is attached hereto as **Exhibit A**, setting forth the name of each attorney and

paraprofessional who provided services to the Committee during the Application period, their hourly rates, and a summary of the time each expended in representing the Committee.

16. M&H spent a total of **161.10** hours on behalf of the Committee from July 9, 2010 through and including August 31, 2010, which amounts to the sum of **\$51,263.50** for the services rendered to the Committee and **\$1,711.84** for reimbursement of out-of-pocket expenses from July 9, 2010 through and including August 30, 2010, for a total of **\$52,975.34** for services rendered on behalf of the Committee.

17. The services rendered by M&H during the Application Period can be grouped into project categories set forth below. M&H attempted to place the services provided in the project category that best relates to such services. However, because certain services may relate to one or more project categories, services pertaining to one project category may in fact be included in another category.

a. **B110 - Case Administration**: Time billed to this project category includes reviewing pleadings, documents and correspondence. Also included in this category is paraprofessional time devoted to tracking docket entries and informing the Committee of material developments in the case.

b. **B120 - Asset Analysis and Recovery**: Time billed to this project category consist of reviewing and analyzing the Debtor's assets.

c. **B130 - Asset Disposition**: Time billed to this project category consist of working on matters related to the sale of the Debtor's assets, including consulting with the Trustee and his professionals and advising the Committee with respect to numerous proposed dispositions of property of the bankruptcy estate.

d. **B150 - Meetings with Creditors:** Time billed to this project category consists of conferences with the Committee and responding to inquiries of other creditors.

e. **B160 - Fee/Employment Applications:** Time billed to this project category consist of counseling the Committee regarding fee applications and applications to employ, preparing fee applications and applications to employ, as well has hearings on same.

f. **B170 - Fee/Employment Objections:** Time billed to this project category consist of counseling the Committee regarding objections to fee applications and applications to employ, preparing objections to fee applications and applications to employ, as well as hearings on same.

g. **B180 - Avoidance Action Analysis:** Time billed to this project category consist of review and analysis of potential avoidance actions against third parties.

h. **B190 - Other Contest Matters:** Time billed to this project category consist of reviewing and analyzing issues in litigation with the Debtor and adversary proceedings brought by the Trustee against third parties.

i. **B230 - Financing/Cash Collections:** Time billed to this project category consist of reviewing Debtor's monthly operating reports and counseling the Committee on issues concerning finances and budgets.

j. **B240 - Tax Issues:** Time billed to this project category consist of conferences with the Committee, accountants employed by the Trustee and the Committee, and attorneys regarding various tax issues affecting the Debtor and the Debtor's bankruptcy estate.

k. **B310 - Claims Administrations and Objections:** Time billed to this project category consist of communication with counsel for the Trustee regarding extension of the claims bar deadline.

1. **B320 - Plan and Disclosure Statement**: Time billed to this project category consist of conferences with the Committee and the Trustee regarding distribution and Plan issues.

18. The compensation requested by the Committee for the services rendered by M&H is consistent with the nature and extent of services rendered during the Application Period, the size and complexity of this case, the time, labor and special expertise brought to bear on the questions presented, and other related factors. The compensation charges are reasonable based on rates charged by comparably skilled practitioners in this and their firms in non-bankruptcy cases. As such, Committee respectfully submits that the compensation sought for M&H is reasonable within the meaning of Sections 330 and 331 of the Bankruptcy Code.

19. Attached hereto as **Exhibit B** is a summary of professional and paraprofessional time organized by project category as required by, and in compliance with, the Guidelines.

20. Attached hereto as **Exhibit C** are the detailed time entry records of M&H, broken down in tenths of an hour by project category. These time entry records contain daily time logs describing the time spent by each attorney and paraprofessional during the Application period. To the best of the Committee's knowledge, this Application complies with Sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Guidelines, and the Local Rules for the Middle District of Florida. M&H's charges for its professional services are based upon the time, nature, extent and value of such services and the cost of comparable services other than in a case under the Bankruptcy Code.

21. Attached hereto as **Exhibit D** is a detailed history of the expenses incurred during the Application Period. These out-of-pocket expenses, incurred by M&H, were reasonable and necessary in connection with the rendition of legal services described above. Disbursements that

are actually paid or incurred by M&H are billed. In providing a reimbursable service to the estate, M&H does not make a profit on that service.

22. M&H has requested reimbursement only for the amount billed by a third party vendor and paid by M&H to such vendor. In charging for a particular service, M&H does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay and all such charges are in conformity with the Guidelines.

23. The Committee believes that the amounts sought to be recovered by the Application Period are fair and reasonable given the nature of the services performed on behalf of the Committee.

#### **JOHNSON AND FIRST COLONIAL CONSIDERATIONS**

24. This Application has presented the nature and extent of the professional services M&H has rendered in connection with its representation of the Committee during the Application Period for which M&H seeks compensation. The recitals set forth in the daily diaries attached hereto constitute only a summary of the time spent. A mere reading of the time summary annexed hereto alone cannot completely reflect the full range of services M&H rendered and the complexity of the issues and the pressures of time and performance which have been placed on M&H in connection with this bankruptcy case.

25. The Committee states that all of the services discussed above and as more fully and particularly set forth in the exhibits hereto and the attorney's fees requested herein are reasonable within the meaning of 11 U.S.C. § 330(a), and the criteria set forth in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974) and *In re First Colonial Corp.*, 544 F.2d 1291 (5th Cir. 1977).

26. The novelty and difficulty of the questions presented, the skill provided to perform the legal services properly, and the efficient administration of the Debtor's estate required in expertise in bankruptcy law and business matters beyond that possessed of the ordinary practitioner, and a level of expertise found at the higher levels of the profession.

27. While M&H was not specifically precluded from other employment by the representation herein, the acceptance of this case meant it was unable to represent the individual creditors of the Debtor and/or undertake work for additional clients.

28. Experience, reputation and ability of the attorneys and staff of M&H justify an award in the amount requested.

29. Awards in similar cases are in the range of the amounts requested, or higher.

30. There is no agreement or understanding between M&H or any other person for sharing of the compensation requested in this application.

WHEREFORE, the Committee respectfully requests that the Court enter an Order (i) authorizing as an administrative expense of this Chapter 11 proceeding M&H's reasonable attorneys' fees in the amount of \$51,263.50 incurred on behalf of the Committee from July 9, 2010 through and including August 31, 2010, together with disbursements advanced by the M&H on behalf of the Committee over the same period in the amount of \$1,711.84; (ii) allowing the amount of \$52,975.34 which has been paid by the Debtor's estate to M&H pursuant to the Interim Compensation Order; and (iii) granting such other and further relief as it may deem just and proper.

Dated this 28th day of December 2010.

Respectfully submitted,

/s/ Jon E. Kane

Jon E. Kane. Esq.

Florida Bar No. 814202

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**ATTORNEYS FOR THE OFFICIAL  
COMMITTEE OF UNSECURED  
CREDITORS**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on December 28, 2010, the foregoing was filed and served via the Court's ECF/Electronic Filing System, and to the extent that the foregoing was not served electronically via the CM/ECF system, I caused a copy of the same to be served via first class mail postage on December 28, 2010 prepaid upon all parties and counsel on the attached Amended Official Service List as of December 20, 2010.

/s/ Jon E. Kane

Jon E. Kane. Esq.

Lydia Cladek, Inc.  
Case No.: 3:10-bk-2805-PMG  
**AMENDED OFFICIAL SERVICE LIST**  
**(amended as of December 20, 2010)**

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Chapter 11 Trustee  
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c/o Sharon L. Simmons, Esq.  
300 West Adams St., Ste. 580  
Jacksonville, Florida 32202

**EXHIBIT A****SUMMARY OF PROFESSIONAL AND PARAPROFESSIONAL TIME**

<b>NAME</b>	<b>POSITION/YEARS OF EXPERIENCE</b>	<b>HOURLY RATE</b>	<b>TOTAL HOURS</b>	<b>TOTAL COMPENSATION</b>
Jon E. Kane	Partner Admitted in 1989	\$ 375	128.20	\$ 48,075.00
David M. Landis	Partner Admitted in 1975	\$ 415	0.70	\$ 290.50
Cheryl L. Crumrine	Legal Assistant	\$ 90	32.20	\$ 2,898.00
<b>TOTAL</b>			<b>161.10</b>	<b>\$ 51,263.50</b>

**EXHIBIT B****SUMMARY OF PROFESSIONAL AND  
PARAPROFESSIONAL TIME BY PROJECT CATEGORY**

<b>PROJECT CATEGORY</b>	<b>TOTAL HOURS</b>	<b>TOTAL FEE</b>
B110 - Case Administration	31.00	\$ 6,951.00
B120 - Asset Analysis and Recovery	24.80	\$ 9,300.00
B130 - Asset Disposition	66.90	\$ 20,698.00
B150 - Meeting with Creditors	6.60	\$ 2,475.00
B160 - Fee/Employment Applications	3.10	\$ 1,077.00
B170 - Fee/Employment Objections	0.10	\$ 37.50
B180 - Avoidance Action Analysis	0.20	\$ 75.00
B190 - Other Contest Matters	2.70	\$ 1,012.50
B230 - Financing/Cash Collections	3.60	\$ 1,350.00
B240 - Tax Issues	2.40	\$ 900.00
B310 - Claims Administrations and Objections	0.10	\$ 37.50
B320 - Plan and Disclosure Statement	19.60	\$ 7,350.00
<b>TOTAL</b>	<b>161.10</b>	<b>\$ 51,263.50</b>

**EXHIBIT C**

**TIME ENTRY RECORDS**

**MATEER & HARBERT, P.A.**

225 E. Robinson Street  
 Suite #600  
 Orlando, FL 32802  
 (407) 425-9044  
 Tax ID #: 59-2506354

July 31, 2010

The Official Committee of Unsecured Creditors  
 of Lydia Cladek, Inc., Debtor  
 c/o Noel Yell, Chairperson  
 Bennett Yell Agency, Inc.  
 9075 June Lane  
 St. Augustine, FL 32080

Invoice# 306527 JEK  
 Our file# 000056386  
 052957

Balance Forward \$0.00

*For Legal Services Rendered through July 31, 2010*

Lydia Cladek, Inc., Debtor

**\*\* Fees \*\***

DATE	TMKPR	DESCRIPTION	HOURS	FEE
TASK CODE B110 - CASE ADMINISTRATION				
7/9/2010	JEK	Telephone conference with N Yell re: matter background, strategy for responding to pending motions to establish procedures for sale of performing and nonperforming assets, problems obtaining information, concerns re prior counsel negotiating terms of proposed sales without knowledge of Committee, Committee and former counsel had adverse positions, T Imler on vacation, need to obtain additional time to conduct due diligence and determine whether viable plan of reorganization may be submitted (1.3); Email correspondence from committee chair N Yell re: matter background, committee discharge of current counsel, vote to engage new counsel, discussion of recently filed motions to approve procedures for sale of Debtor's non-performing and performing assets, upcoming hearing set for 7/27, need to have adequate time review of books and records and determine feasibility of alternative plan (.2); Initial review of bankruptcy docket, matters scheduled to be heard on 7/27 (.3)	1.80	\$675.00
7/10/2010	JEK	Review Emergency Motion to Appoint Ch 11 Trustee (DE # 11) (.2); Review Notice of Appointment of Trustee & Setting Bond & Order approving same (DE # 45 & 47) (.1)	0.30	\$112.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
7/12/2010	JEK	Telephone conference with N Yell re same, need to obtain year-to-year information on repo rates, discussion re blog for creditors or website other than Trustee-posted information, discussion re Committee privileged information and problems with disclosure (.3); email correspondence with N Yell & M Edelman, need to arrange time to discuss Edelman questions (.2); Telephone conference with M Edelman re same (.1)	0.60	\$225.00
7/13/2010	CLC	Organize and Import all pleadings on docket (2.8)	2.80	\$252.00
7/14/2010	JEK	Conference call with Creditors Committee re discussions with atty Brown, P Hittner, strategy for obtaining information to prepare pro forma and determine whether to pursue a plan of reorganization, discussion of expenses incurred by Trustee, need to have objective 3rd party analyze financial information and reports (1.5);	1.50	\$562.50
7/26/2010	JEK	Receipt & review Summary Report of events and committee actions prepared by M Egelmann (.5); Draft Status Report of Official Committee of Unsecured Creditors, based upon information provided by M Egelmann (1.0)	1.50	\$562.50
7/27/2010	CLC	Calendar & task D/L & hearing dates re: bidding procedures / sale of assets (.2)	0.20	\$18.00
		Subtotal for Task Code B110	8.70	\$2,407.50
TASK CODE B120 - ASSET ANALYSIS AND RECOVERY				
7/16/2010	JEK	Telephone conference with T Imler re matter analysis, request to see Trustee's analysis showing that reorganization not viable, request to obtain information regarding assumptions relied upon by Trustee in analysis, discussion of profits in '03, '04, '05, discussion of NOL carry forward and value of same if company becomes profitable, discussion of relation between Imler and L Cladek as first cousins, discussion of Imler background (.9); further correspondence with N Yell re visit to LCI offices to review books and records if necessary (1.)	1.00	\$375.00
7/18/2010	JEK	Review correspondence from T Imler with spreadsheets and analysis furnished to Committee at meeting on 6/17/10 (0.8); Review further correspondence from T Imler with questions for Trustee regarding further financial information (.2); Telephone conference with T Imler re same, financial analysis, background regarding industry and extension of auto loans (.3); review correspondence from M Egelmann (.1)	1.40	\$525.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
7/19/2010	JEK	Correspondence with M Egelman re additional documents requested from Trustee (.2); Email correspondence with attys Brown & Wirth re response to first request for documents, requests for additional documents from Trustee (.3)	0.50	\$187.50
7/20/2010	JEK	Initial receipt & review massive email information dump provided by the Trustee, spreadsheets of cash flow information and projections (over 106mg of information, broken up over 30 separate emails (3.8); Advise and forward all emails and information to Committee for meeting this afternoon (.5); attend Committee conference call to discuss initial Imler reports and spreadsheets, information furnished by the Trustee (1.5); Telephone conference with T Imler re cash flow projection information and further information furnished by Trustee, will forward Trustee financial documents to Imler to incorporate into cash flow/feasibility analysis (.5); further correspondence with Imler re Trustee financial information (.3)	6.60	\$2,475.00
7/28/2010	JEK	Receipt & review email from T Imler; study updated feasibility studies, spreadsheets and cash flow projections if assets reinvested in new auto loans (1.5)	1.50	\$562.50
7/29/2010	JEK	Attend telephone meeting with Creditor's Committee, T Imler, review feasibility study projections provided on 7/28, cash flow spreadsheets, reinvestment projections, discussions re assumptions and variables contained in analysis, discussions re possible engagement of industry expert to address projections should objection to sale motions need to be filed, discussion of accountant to be engaged to address NOL carryforward issues, Trustee questions re Lydia Cladek (2.9); telephone conference with T Imler re analysis and projections, assumptions and methodology, discussions re when final analysis will be prepared, possible meeting with Trustee to discuss analysis and projections (.3)	3.20	\$1,200.00
Subtotal for Task Code B120			14.20	\$5,325.00
TASK CODE B130 - ASSET DISPOSITION				
7/9/2010	JEK	Review Motion for Ch 11 Trustee to Establish Procedures for Sale of Substantially all Performing Assets of Debtor (DE # 151) and attached Asset Purchase Agreement (.6); Review Motion for Ch 11 Trustee to Establish Procedures for Sale of Substantially all Non-Performing Assets of Debtor (DE # 158) and attached Asset Purchase Agreement (.6)	1.20	\$450.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
7/12/2010	JEK	Telephone conference with N Yell re authority to contact atty Brown to discuss retention as counsel, issues re former counsel, strategy for gaining additional time to review Debtor's records and determine if alternative plan is feasible before consenting to Trustee's attempts to sell accounts (.2); Telephone conference with atty Brown re same, request for extension to review Debtor's records and formulate plan of reorganization if warranted, Brown "ran sale motion by" former Committee counsel, showed her Debtor's financial statements, Committee counsel reviewed and approved proposed sale (unknown to Committee), discussion of preliminary draft of alternative plan prepared by T Imler, merits of Imler proposal, Brown desire to speak directly with L Cladek to scrutinize mortgages encumbering various parcels of real estate, preliminary discussions re clawback litigation & pursuit of "new winners" (.5); Review email correspondence from atty Brown re Trustee belief that extension not in best interests of estate, due to concern that potential buyer will walk away from sale, Trustee's belief that reinvestment in new contracts not in best interests of estate, status of 2007-2009 reconstructed financial reports (.2)	0.90	\$337.50
7/13/2010	JEK	Correspondence with atty Brown speaking with the potential purchaser's counsel to discuss claim of a price drop if there is a 30-day extension of the sale date, uncertain as to why a fall off in value would occur, discussion of Imler preliminary analysis, question re claims that Imler is insider and fact that he has no affiliation with L Cladek, concerns that information has been slow in coming, and Committee has not been given adequate information to analyze alternatives (.3); Receipt & review email from atty Brown with attached portfolio information supplied by Trustee to prospective purchasers (.3);	0.60	\$225.00
7/14/2010	JEK	Review correspondence from atty Brown re Ch 11 Trustee's position that 30 extension requested is unreasonable, claimed damages to estate, Trustee's commitment to getting you everything needed to determine whether sale is in the best interest of the estate, discussion of Imler projections, concern that buyer may abandon offer (.2); Telephone conference with atty Brown re same, agreement to full disclosure by Trustee, potential agreement for the Committee and the Ch 11 Trustee agree to extension of time through 8/13/10, during which time the Committee will be provided access to all of the Debtor's records and	1.20	\$450.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
		financial information in the possession of the Ch 11 Trustee, so it can determine whether a plan of reorganization should be pursued (.5); Telephone conference with P Hittner re potential sale by Trustee, auction procedures, marketing efforts, discussion of possible bid template and prospects for potential reorganization (.5);		
7/15/2010	JEK	Telephone conference with atty Brown re Trustee's request to expedite file review and analysis deadlines to accommodate closing on sale of accounts by 8/31/10, discussions re reasons for expediting closing and potential buyer's demand to expedite closing (.2); correspondence with atty Brown and atty With re same, scheduling conference call to discuss closing date with proposed buyer (.1)	0.30	\$112.50
7/16/2010	JEK	Conference call with Trustee, his counsel, Capex (the prospective buyer) and their counsel, re Capex was refusing to agree to provide the Committee additional time to perform its due diligence, discussion of same, agreement from Capex and Trustee's counsel for due diligence period depending on Judge Glenn's calendar (.5); Correspondence with N Yell re discussion with T Imler, conference call with Trustee, his counsel & Capex re agreement to due diligence period and time to object to sale of assets (.2);	0.70	\$262.50
7/20/2010	JEK	Correspondence with atty Wirth with revised form of Bidding Procedure Orders (.5); Review Trustee's draft bidding procedures order on performing assets (.2); Telephone conference with atty Wirth re same, suggested revisions to Order, negotiations over objection & hearing dates (.3); prepare redlined revisions to Trustee's proposed bidding procedures order on performing assets (.4); further correspondence with atty Wirth re same (.1)	1.50	\$562.50
7/21/2010	JEK	Telephone conference with atty Wirth re proposed motion to permits sales of assets, missing provisions (.2); View plan and loan documents, Dealers Insurance proposal, notice of filing settlement & preliminary hearing (.6); review APA's for performing & non performing assets, provisions for surrender of break up fee on failing to close transaction (1.4); Review correspondence from atty Wirth re proposed final order on motion to sell assets (.2); review and revise draft trustee's orders on motion to assets (.8); further correspondence with Wirth re proposed agreed Order on sale of assets, Trustee's allegations re committee	3.40	\$1,275.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
		communications with Lydia (.2)		
7/22/2010	JEK	Receipt & review draft revised bidding procedures order for the non-performing assets, with change in the cut-off date under the APA removed (.1); Correspondence with atty Wirth re same (.1); Telephone conference with N Yell re upcoming hearing on Trustee's sale motions, LaFleur motion of withdraw and response (.5)	0.70	\$262.50
7/25/2010	JEK	Review correspondence from N Yell, T Imler, criticizing Trustee's process in seeking to liquidate the assets rather than conducting study to determine whether more beneficial to reinvest the proceeds and seek to create value for benefit of investors, questioning trustee's analysis and methodology to determine if liquidation is truly in creditors' best interests (.2)	0.20	\$75.00
7/26/2010	JEK	Telephone conference with atty Lafretti, Trustee's office, re upcoming hearings, agreed orders on trustee's motions to sell performing and nonperforming assets, carve-out for creditors committee to have opportunity to perform due diligence and object to sales of necessary, Trustee likely not to appear (.2); receipt & review emails from N Yell, M Egelmann, re questions for upcoming hearing and issues to be raised concerning the trustee's decision to liquidate assets of Debtor (.2)	0.40	\$150.00
7/27/2010	JEK	Review files for hearing on various matters (.6); attend hearing on motions by trustee to approve sales of performing & nonperforming assets, motion by atty LaFleur to withdraw, motion to employ M&H as counsel for committee, talk with various creditors afterwards (1.5); Conference with N Yell, M Egelman, re various committee matters, potential objection to Trustee's attempts to sell assets, cash flow projections and reports from T Imler (1.0); correspondence from atty Wirth re meeting today, request for production of documents reflecting conversations between Lydia Cladek & committee (to the extent any may exist) (.1); Review N Yell report to committee re hearing today and upcoming meeting with T Imler to review feasibility analysis (.1)	3.30	\$1,237.50
		Subtotal for Task Code B130	14.40	\$5,400.00
TASK CODE B150 - MEETINGS WITH CREDITORS				
7/10/2010	JEK	Review 5/5/10 transcript of 341 meeting of creditors (.9)	0.90	\$337.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
7/11/2010	JEK	Telephone conference with creditor E Cladek re: discussions with Ch 11 Trustee, requests for '07, '08, '09 financials, status of financial reports and possible reorganization alternatives, contacts for reorganization analysis and possible proposal (1.5)	1.50	\$562.50
7/13/2010	JEK	Telephone conference with creditor J Hymanson re matter background, discussion of further strategy for Committee, attempt to obtain extension to determine whether a plan may be viable option (.3)	0.30	\$112.50
7/14/2010	JEK	Telephone conference with creditor R Vernon re formation of Committee and Vernon's prior discussions with atty Brown and FBI, Vernon helped locate Cladek trust, discussion of commissions possibly due from Hittner and C Ellison (in GA) per prior contracts with L Cladek, request for Vernon to send email with asset information (.7)	0.70	\$262.50
7/16/2010	JEK	Correspondence with creditors A Grevior re engagement as committee counsel (.1)	0.10	\$37.50
7/19/2010	JEK	Telephone conference with creditor R Danowski re possible reorganization strategy, prospects of funding of plan from proceeds of recovery litigation (.7)	0.70	\$262.50
7/20/2010	JEK	Telephone conference with creditor G Hymanson re discussion of liquidation vs. reorganization, expenses and prospective returns, discussions re potential clawback litigation and possible template to determine parameters of fraudulent conveyance litigation (.8)	0.80	\$300.00
Subtotal for Task Code B150			5.00	\$1,875.00
TASK CODE B160 - FEE/EMPLOYMENT APPLICATIONS				
7/9/2010	JEK	Draft Application to Employ Jon E. Kane & Mateer & Harbert, PA as Counsel for Committee (.4); Draft Declaration of Jon E. Kane in Support of Application (.3)	0.70	\$262.50
7/10/2010	JEK	Review Motion for Approval of Interim Compensation Procedures for Professional (DE # 98) (.2); review Application to Employ Michael Moecker & Assoc. as Accountants for Debtor (DE # 106) (.2); Review Interim Order Granting Motion for Approval of Interim Compensation Procedures for Professionals (DE # 126) (.1); Review Application to Employ Wilcox Firm, LLC (DE # 143) (.1); Review of Objection to Order Authorizing Application for Retention of Michael Moecker & Assoc. as Accountants for Trustee (DE # 155) (.1)	0.70	\$262.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
7/12/2010	JEK	Review correspondence from M Egelman, questions re requests for creditor contact information, questions re Trustee's retention of Moecker & Assoc. as accountants, potential conflict issues (.3)	0.30	\$112.50
7/13/2010	JEK	Receipt and review LaFleur motion to withdraw as counsel, final application for attorneys fees & costs (.2)	0.20	\$75.00
7/26/2010	JEK	Review billing statements furnished by Akerman firm and trustee (.4); correspondence with client re same (.1);	0.50	\$187.50
Subtotal for Task Code B160			2.40	\$900.00
TASK CODE B190 - OTHER CONTEST MATTERS				
7/10/2010	JEK	Review Complaint by Ch 11 Trustee v. Lydia I. Cladek, Captiva Island Vacation Properties et al. (DE # 101) (.7)	0.70	\$262.50
7/13/2010	JEK	Receipt and review email from M Egelman with attached complaint by Ch 11 Trustee v. Lammond (.4)	0.40	\$150.00
Subtotal for Task Code B190			1.10	\$412.50
TASK CODE B230 - FINANCING/CASH COLLECTIONS				
7/10/2010	JEK	Initial Review of DIP Reports for 4/5/10 - 4/30/10 (DE # 100) (.2); Initial review of Financial Reports for 5/1/10 - 5/31/10 (DE # 135) (.2)	0.40	\$150.00
7/12/2010	JEK	Receipt & review summary income statements and balance sheets for Lydia Cladek, Inc. for 2007 - 2009 prepared by Trustee, and correspondence from atty Brown re same (.3); review Debtors' DIP Reports for April 2010, May 2010, review of performing loan amounts and expenses, calculate anticipated cash flow (1.0)	1.30	\$487.50
7/14/2010	JEK	Receipt and review draft June DIP Report from atty Brown (.2); correspondence with client re Brown email, discussions and draft DIP Report (.1)	0.30	\$112.50
7/20/2010	JEK	Receipt & review 6/10 Debtor's DIP Reports for June '10 (.8); correspondence with Committee re same (.2)	1.00	\$375.00
Subtotal for Task Code B230			3.00	\$1,125.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
TASK CODE B310 - CLAIMS ADMINISTRATIONS AND OBJECTIONS				
7/30/2010	JEK	Correspondence with atty Wirth re Trustee's request to extend claims bar date, no objection re same (.1)	0.10	\$37.50
Subtotal for Task Code B310			0.10	\$37.50
TASK CODE B320 - PLAN AND DISCLOSURE STATEMENT				
7/13/2010	JEK	Receipt and review emails from N Yell re LCI member feedback and discussions with atty LaFleur re pursuit of possible plan of reorganization, notes from prior meeting with atty Brown 4/2/10 (.2)	0.20	\$75.00
7/30/2010	JEK	Further correspondence with atty Wirth re request to meet with Trustee to discuss relative merits of proposed plan vs. the Trustee's proposed sale motions, feasibility information reflecting benefits of reinvestment in notes vs. simple liquidation of the existing accounts, Trustee's continued allegations re allegations of Committee contact with Lydia Cladek and response re same (.2)	0.20	\$75.00
Subtotal for Task Code B320			0.40	\$150.00
<b>TOTAL HOURS</b>			<b>49.30</b>	
<b>TOTAL FEES FOR LEGAL SERVICES</b>				<b>\$17,632.50</b>

**\*\* Costs \*\***

07/31/2010	Jon E. Kane; Meals charges hearing 7/27/10	\$129.65
07/31/2010	Jon E. Kane; Parking Hearing 7/27/10	\$18.00
07/31/2010	Jon E. Kane; Hotel charges Hearing 7/27/10	\$213.57
07/31/2010	Jon E. Kane; Travel Expense to Jacksonville for hearings, meetings with Creditors Committee 280 @.50 7/26-7/27/10	\$140.00
Total costs due		\$501.22
Total Fees and Costs		\$18,133.72
<b>Total Balance Due</b>		<b>\$18,133.72</b>

Payment is due upon receipt.  
Please include invoice number on check.

**MATEER & HARBERT, P.A.**

225 E. Robinson Street  
 Suite #600  
 Orlando, FL 32802  
 (407) 425-9044  
 Tax ID #: 59-2506354

August 31, 2010

The Official Committee of Unsecured Creditors  
 of Lydia Cladek, Inc., Debtor  
 c/o Noel Yell, Chairperson  
 Bennett Yell Agency, Inc.  
 9075 June Lane  
 St. Augustine, FL 32080

Invoice# 307623 JEK  
 Our file# 000056386  
 052957

Balance Forward \$18,133.72

*For Legal Services Rendered through August 31, 2010*

Lydia Cladek, Inc., Debtor

**\*\* Fees \*\***

DATE	TMKPR	DESCRIPTION	HOURS	FEE
TASK CODE B110 - CASE ADMINISTRATION				
8/2/2010	JEK	Correspondence with atty LaFleur re same, discussion of modifications to order and request for executed bylaws and other notes of meetings and conversations with committee members (.2)	0.20	\$75.00
8/2/2010	JEK	Correspondence with atty LaFleur re request for Committee bylaws, bylaws missing signatures, proposal furnished via L Cladek to Committee (.2); Correspondence with N Yell re same (.2); Telephone conference with N Yell re same (.4)	0.80	\$300.00
8/2/2010	CLC	Download, import, & index all pleadings filed in Cladek matter (.5); Set up Status Report in pleading format (.5)	1.00	\$90.00
8/4/2010	CLC	Organize & index all files	1.20	\$108.00
8/5/2010	CLC	Finish organizing & indexing client files	1.00	\$90.00
8/9/2010	JEK	Telephone conference with US Atty Escamilia re: notice issues, procedures to provide all creditors notice and website information, contact for creditors whop had questions re: committee, mechanism to keep creditors informed, discussion of US Atty's concerns over Ch 11 Trustee/ accountants duplicate billings, distribution due to Ch 11 Trustee (.7); telephone conference with N Yell re: same, strategy for proceeding with objections, payments of witnesses for expenses, experts, recommendation of W Hunter	1.40	\$525.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
		re: tax issues (.5); further Telephone conference with atty Brown re: upcoming hearing (.2)		
8/9/2010	CLC	Numerous Telephone conferences with Judge Glenn's staff re: hearing on 8/12 - procedure for bringing electronics, etc	0.50	\$45.00
8/10/2010	CLC	Numerous Telephone conferences with Judge Glenn's staff re: hearing on 8/12 - procedure for bringing electronics, etc. (.5)	0.50	\$45.00
8/10/2010	JEK	Correspondence with client re arrangements for using laptop, projector, screen in courtroom, possible absence of C Ellyson (.2)	0.20	\$75.00
8/11/2010	CLC	E-mails to Courtroom Administrator with list of electronics for hearing on 8/12 (.3); Assist in preparation for hearing on 8/12 (5.7)	6.00	\$540.00
8/13/2010	JEK	Telephone conferences (2) with N Yell re yesterday's hearing, discussion of further strategy to proceed with reorganization plan, possibility of asking Ch 11 Trustee, with assistance of Committee, to begin reinvestment in new notes pending proposed plan (.5); Correspondence with R Danowski re call from creditor, what Committee can advise creditors, outcome at 8/12 hearing and further efforts towards reorganization (.1); Correspondence with N Yell re questions from creditors, draft response, questions from reporters (.1)	0.70	\$262.50
8/16/2010	CLC	Review PACER re orders setting deadlines for filing Ch 11 plan & disclosure statement	0.20	\$18.00
8/17/2010	JEK	Telephone conference with reporter Prior's office (.1); Telephone conference with T Imler re request to meet with employees, discussion of potential plan terms and timing, discussions with C Ellyson to set up Tiger Team, need to define business plan, address Ponzi Scheme safe harbor tax provisions, net loss carry forward issues, purchasing plans, roll of Ch 11 Trustee, need to request employee roster (1.2); telephone conference with Barry Clark, Judge Glenn's chambers, re appearance by phone at 8/18 hearing, approval to appear by phone (.2)	1.50	\$562.50
8/17/2010	CLC	Telephone conference with to Courtroom Administrator to get approval for telephonic appearance at hearing scheduled for 8/19 (.2); Telephone conference with to Court Call to set up telephonic appearance at hearing scheduled for 8/19 (.2); E-mail creditors' committee members, Tom Imler & Chuck Ellyson to set up telephone conference for 8/20 (.2)	0.60	\$54.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
8/18/2010	JEK	Telephone conference with reporter R Prior re: Committee actions and efforts, discussion of recent hearing (.5)	0.50	\$187.50
8/18/2010	CLC	Scan & E-mail Akerman & Moecker July invoices to creditors' committee (.1); Calendar objection date (.1)	0.20	\$18.00
8/19/2010	JEK	Telephone conference with N Yell re: same, discussion of management team and proposed plan terms, will not object to LaFleur fees or expenses (.4); receipt & review Imler's list of issues, needed documents, and a start on the actions needed to get through reorganization ratification and implementation (.3)	0.70	\$262.50
8/21/2010	JEK	Correspondence with C Ellyson re: organizational charts, bullet points for upcoming strategy meeting (.2); telephone conference with C Ellyson re: upcoming strategy meeting and discussion of initial "tiger team" for delegation of plan duties (.2)	0.40	\$150.00
8/23/2010	JEK	Work on draft of creditor committee statement to inform all creditors of committee's efforts and plans (.5)	0.50	\$187.50
8/24/2010	JEK	Telephone conference with C Ellyson re agenda for tomorrow's strategy meeting, need to form "tiger team" to carry various tasks of Committee and proposed management (.5); receipt & review email from atty Brown re Global Hunger, listing on current employees & payroll information from atty Brown (.2); Telephone conference with N Yell re same, issues concerning continued engagement of Ch 11 Trustee and need to inform creditors and public of efforts and plans of committee (1.0)	1.70	\$637.50
8/25/2010	CLC	Assemble files for JEK's meeting in St. Augustine with UCC	2.20	\$198.00
8/26/2010	JEK	Correspondence with N Yell re creditor committee questions, answer to be provided to creditors and need for statement (.2); correspondence with N Yell re calls from local newspaper and request to speak with other creditors (.1)	0.30	\$112.50
Subtotal for Task Code B110			22.30	\$4,543.50
TASK CODE B120 - ASSET ANALYSIS AND RECOVERY				
8/2/2010	JEK	Correspondence with atty Wirth re status of feasibility study, allegations by Trustee that study was provided through L Cladek (.2)	0.20	\$75.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
8/4/2010	JEK	Telephone conference with atty Wirth re: documents requested by Trustee and attempts to finalize feasibility study (.5); telephone conference with R Danowski re: feasibility analysis; telephone conference with T Imler re: details of feasibility study, variables and changes needed (.7); review various feasibility study spreadsheets furnished by Imler (1.5); review various emails from Imler & Ellyson clarifying terms of spreadsheet (.5), identifying variables and cash flow (.5)	3.70	\$1,387.50
8/5/2010	JEK	Telephone conference with atty Wirth re: feasibility analysis (.1); telephone conference with T Imler re: process and spreadsheet, projected cash flow, prior discussions with J Pitcher, evolution of spreadsheets and feasibility analysis, nothing on spreadsheet was provided by Lydia, information obtained from Trustee, reviewed by Ellyson, discussion of Trustee's cash flow analysis and flaws in Trustee's analysis, need to get extracted data table of accounts (.9); telephone conference with C Ellyson re: analysis of feasibility study, other national companies purchasing accounts, discussion of Ellyson experience, recent dealings with Stirling, avg. maturation, default rates, further Ellyson background (.7); telephone conference with R Danowski re feasibility study (.1); correspondence with atty Wirth re: status of feasibility study (.2)	2.00	\$750.00
8/6/2010	JEK	Telephone conference with N Yell re: feasibility study and Ch 11 Trustee expected concerns (.4); correspondence with atty Wirth with preliminary feasibility analysis (.1); Telephone conference with T Imler re: feasibility study, error in one of the cells double counted (.3); telephone conference with atty Brown re: initial reactions to feasibility study (.3); conference call with T Imler, C Ellyson, atty Brown, atty Wirth, N Yell, M Egelman, re: Trustee's counsel's response to feasibility analysis, Trustee unavailable to review until Monday, request for spreadsheet in excel format, discussion of cash figures, claim of Edison against real estate, amount of unsecured claims, issues re carry forward loss, no allowance for taxes, 547(b) preference claims outstanding, discussion re: quality of notes to be purchased and availability, mitigation of risks (1.4); telephone conference with T Imler, C Ellyson, re: response to Trustee's criticisms (.7); correspondence with N Yell re: same (.2)	3.40	\$1,275.00
8/7/2010	JEK	Correspondence with atty Brown re feasibility study, provided in excel format as requested, request for Trustee to provide info requested in order to have	0.80	\$300.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
		more accurate spreadsheet, info. requested can be obtained with very little effort from the AMS system (.3); Correspondence with C Ellyson re safe harbor provisions and net loss carry forward issues, research provided by Ellyson (.5)		
8/9/2010	JEK	Conference call with T Imler and C Ellyson re Ch 11 Trustee's concerns, discussion of ramifications if Trustee merely collects existing accounts (.5)	0.50	\$187.50
		Subtotal for Task Code B120	<u>10.60</u>	<u>\$3,975.00</u>
TASK CODE B130 - ASSET DISPOSITION				
8/9/2010	JEK	Research re grounds for objecting to Trustee's proposed sale of performing and nonperforming assets, case law, rulings in Lionel and Gulf Coast Oil cases (3.0); draft Committee Objection to Trustee's Sale of Performing Assets (1.0); Draft Committee Objection to Trustee's Sale of Non-Performing Assets (0.8); review and revise Objections (1.0); further correspondence with Committee re Objections (.2); telephone conference with atty Specie re: Objections filed on behalf of Committee (.2)	6.20	\$2,325.00
8/10/2010	JEK	Telephone conference with atty Rogerson, Jackie, re arrangements for meeting with Committee members, T Imler, C Ellyson in Jacksonville to discuss and prepare for upcoming hearing on Trustee's motion to sell performing assets (.2); Telephone conference with acct W Hunter re further discussion of Trustee's claims, discussion of applicability of net operating losses and sale of nonperforming assets (.3); Telephone conference with atty Brown re objections asserted by Committee to performing and nonperforming assets, discussions re applicability of net operating losses, if sale of nonperforming assets permitted NOL would still be available, possible withdrawal of objection re nonperforming assets (.2); Telephone conference with W Hunter re same (.1); draft notice of withdrawal of objection to sale of nonperforming assets (.2)	1.00	\$375.00
8/10/2010	JEK	Receipt & review objection to trustee's motions to sell assets from B Reller (.2); telephone conference with atty Specie re same (.2); telephone conference with atty Brown re talks with atty Specie, net loss carry forward issues, can still take advantage of losses if nonperforming assets sold (.2); telephone conference with J Edney re matter background and questions concerning committee and plan to reorganize (.5); telephone conference with T Imler history of plan	4.90	\$1,837.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
		calculations and feasibility study, study came from numbers gathered by Imler only, discussion of various permutations of feasibility study, variables used in study and reasonableness of variables, need to keep performing notes alive to protect baseline figures (1.1); conference call with T Imler, N Yell, C Ellyson re same, preparation for hearing (.5); correspondence with client re schedule for meeting to review testimony and preparation for upcoming hearing (.2); review feasibility studies and files for upcoming hearing on sale of assets (2.0)		
8/11/2010	DML	Conference with Atty. Kane discussing issues relating to withdrawal of objection to sale of non-performing assets	0.20	\$83.00
8/11/2010	JEK	Telephone conferences (2) with T Imler re preparation of pivot tables and various permutations of baseline studies to address concerns raised by Committee, application of pivot tables to new and different software used by Trustee, number of notes reduced on new software program to 900 (from 1300 in prior program), no delinquency data in new program format (.8); receipt & review latest updated revised Imler spreadsheets with various options, permutations on issues discussed and addressed with Trustee, alternative payout times, holdback of \$470k real property proceeds, options if performing assets, nonperforming assets, are sold (2.0); prepare and organize proposed exhibits, case law, arguments for hearing on objection to Trustee's proposed sale of performing assets (5.4); receipt & review Ch 11 Trustee's response in opposition to Committee's objection to the sale of performing and nonperforming assets (.3); research re: issues raised by Trustee in his response (0.8)	9.30	\$3,487.50
8/12/2010	JEK	Prepare notes & arguments for upcoming hearing; review and work on preparation of exhibit notebooks (2.0); attend pre-hearing conference, witness prep, with C Crumrine, N Yell, T Imler, C Ellyson, M Egelman at atty Rogerson's office (4.0); attend hearing on Trustee's motion for authority to sell Debtor's performing assets, Committee's objection to Trustee's motion, before Judge Glenn (7.0); Conference with Committee Members and creditors after hearing (.5)	13.50	\$5,062.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
8/12/2010	CLC	Assembling hearing notebooks (4.5); attend meeting with witnesses, atty Kane, client, in preparation for hearing on Trustee's motion to sell performing assets & Committee's objections thereto (4.0); attend hearing on Trustee's motion to sell performing assets & Committee's objections thereto (7.0)	15.50	\$1,395.00
8/13/2010	DML	Conference with Atty. Kane informing of outcome of hearing on Motion to Approve 363 sale and discussing other issues related to case	0.50	\$207.50
8/13/2010	JEK	Conference with atty Hanebrink re hearing on objection to sale of assets, need to determine whether Ch 11 Trustee can begin reinvestment in new notes pending plan proposal (.3)	0.30	\$112.50
8/15/2010	JEK	Receipt & review Order sustaining objection to Trustee's motion to sell performing assets (.1); correspondence with Committee re same, need to move forward with reorganization plan (.2)	0.30	\$112.50
8/18/2010	JEK	Telephone conference with atty Wirth re: no objection to sale of nonperforming assets	0.10	\$37.50
8/19/2010	JEK	Review draft order on sale of nonperforming assets (.1); correspondence with atty Wirth re: ok to proposed order on nonperforming assets (.1); attend telephone hearing on LaFleur fee application, Trustee's unopposed motion to sell nonperforming assets, Brown explanation of calculation of sale price for nonperforming assets (.5)	0.70	\$262.50
Subtotal for Task Code B130			52.50	\$15,298.00
TASK CODE B150 - MEETING WITH CREDITORS				
8/11/2010	JEK	Telephone conference with creditor Dick Shaughnessy re update on action of Committee and upcoming hearing on objection to sale of performing assets (.2); telephone conference with creditor Bob Roth re same (.2); telephone conference with creditor E Young re: same, Young intent to testify at hearing on 8/12 (.3)	0.70	\$262.50
8/23/2010	JEK	Telephone conference with creditor B Heitz re committee efforts thus far and possible plan (.2); Telephone conference with creditor K Diorello re same (.2)	0.40	\$150.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
8/30/2010	JEK	Telephone conference with creditor J Hymanson re current case status, hearing and order sustaining Committee objection to Trustee's proposed sale of performing assets and intent to proceed with joint plan (.5)	0.50	\$187.50
Subtotal for Task Code B150			<u>1.60</u>	<u>\$600.00</u>
TASK CODE B160 - FEE/EMPLOYMENT APPLICATIONS				
8/10/2010	JEK	Receipt & review correspondence from atty LaFleur with proposed order on motion to withdraw (.1)	0.10	\$37.50
8/16/10	CLC	Letter to Ch 11 Trustee, US Trustee, re: July invoice	0.30	\$27.00
8/19/2010	JEK	Receipt & review Imler expenses incurred for 8/12 hearing (.1); receipt & review email with Ellyson expenses from 8/12 hearing (.1)	0.20	\$75.00
8/23/2010	JEK	Correspondence with N Yell re engagement of T Imler and C Ellyson, need for Committee vote & approval (.1)	0.10	\$37.50
Subtotal for Task Code B160			<u>0.70</u>	<u>\$177.00</u>
TASK CODE B170 - FEE/EMPLOYMENT OBJECTIONS				
8/18/2010	JEK	Telephone conference with atty LaFleur re: no objection to her application for fees & costs (.1)	0.10	\$37.50
Subtotal for Task Code B170			<u>0.10</u>	<u>\$37.50</u>
TASK CODE B180 - AVOIDANCE ACTION ANALYSIS				
8/30/2010	JEK	Correspondence with client re request for information from Ch 11 Trustee has to how he is calculating "net winners" from "net losers" for purposes of investor recovery litigation (.2)	0.20	\$75.00
Subtotal for Task Code B180			<u>0.20</u>	<u>\$75.00</u>
TASK CODE B190 - OTHER CONTEST MATTERS				
8/7/2010	JEK	Review Edison National Bank complaint asserting claim against real estate (.2)	0.20	\$75.00
8/17/2010	JEK	Receipt & review email from atty Brown with Global Hunger Project settlement offer, Complaint filed against Global Hunger Project (.3); review Bankruptcy Code Sec 548, 726.105, 106, Fla. Stat., re available defenses (.5); correspondence with Committee re Global Hunger settlement proposal (.1)	0.90	\$337.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
8/31/2010	JEK	Correspondence with atty Brown re Global Hunger offer, would like to know what defenses that the Defendant intends to assert, and make an assessment of those defenses, suggestion to work from Heritage plan & disclosure statement as a template to speed things along, request for Heritage documents in Word and Ch 11 Trustee's refusal to provide them (.2); Telephone conference with atty Brown re Global Hunger adversary, proposed possible settlement, claims that Global Hunger may assert defense as charitable organization under 548(a)(2), possible solvency defense, no other defenses under 726.105, 106, Fla. Stat., request for further detail to support Trustee's request to settle claim, request for Ch 11 Trustee to provide bullet points for items Trustee would like in possible joint plan of reorganization (.3)	0.50	\$187.50
Subtotal for Task Code B190			1.60	\$600.00
TASK CODE B230 - FINANCING/CASH COLLECTIONS				
8/9/2010	JEK	Telephone conference & correspondence with atty Brown re: request for July DIP Report and questions raised by US Atty, discussion re: information to determine annualized default rates (.2); receipt & review draft DIP Report for July from Ch 11 Trustee (.2)	0.40	\$150.00
8/10/2010	JEK	Correspondence with T Imler re Trustee's balance sheet information for last 3 years (.2)	0.20	\$75.00
Subtotal for Task Code B230			0.60	\$225.00
TASK CODE B240 - TAX ISSUES				
8/10/2010	JEK	Telephone conference with accountants Shorestein and Hunter, re allegations by Trustee's counsel that Safe Harbor tax provision for Ponzi scheme victims would be jeopardized by potential reorganization plan, discussion of IR Ruling 2009-9, IR Proc 2009-20, no prohibition against Trustee seeking to manage assets to achieve maximum value via either sale or reorganization plan (.5); correspondence with atty Brown re request that Trustee agree that neither party will discuss safe harbor provisions at upcoming hearing (.2); correspondence with committee, accountant Hunter re additional safe harbor issues & questions (.3)	1.00	\$375.00
8/11/2010	JEK	Correspondence with atty Brown re: tax issues, whether Trustee intended to argue that creditors could jeopardize rights to claim Ponzi Scheme loss on tax returns if reorganization plan implemented, Trustee	1.30	\$487.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
		would not agree to refrain from argument or arguments re: net coming forward losses (.3); telephone conference with CPA W Hunter re arrangements to be engaged to testify if necessary concerning tax issues, NOL carryover, Trustee's claims that creditors could lose rights to claim loss as a Ponzi scheme if reorganization plan established (.2); research 2009 IR Ruling, 2009 IR Proc. re same (.5); Telephone conference with CPA Hunter re Trustee's claims and need to appear at 8/12 hearing (.3)		
8/17/2010	JEK	Correspondence with G Alligood re Ponzi Scheme safe harbor tax provisions (.1);	0.10	\$37.50
		Subtotal for Task Code B240	<u>2.40</u>	<u>\$900.00</u>
TASK CODE B320 - PLAN AND DISCLOSURE STATEMENT				
8/9/2010	JEK	Attend telephone conference with N Yell, T Imler, C Ellyson, M Phelan, M Healy, attys Brown, Mitchell, Wirth re: feasibility study, issues raised by Ch 11 Trustee re: timing of plan and confirmation, availability of proceeds from real estate, use of operating losses, tax issues, questions re: quality of paper to be purchased, availability of notes in marketplace, no efforts by Trustee to purchase paper. Trustee skeptical of feasibility plan, discussion of current cash flow (1.3)	1.30	\$487.50
8/16/2010	JEK	Telephone conference from atty Brown re joint plan parameters, discussion of witnesses for hearing on objection to employ accountants, sale of nonperforming assets and cash flow (.1); Telephone conference with atty Brown re discussion of joint plan of reorganization, request for expedited plan process, election of plan upon default, discussion of possible opt-out options, Brown request to establish liquidating trust, discussion of Heritage Funding plan, discussion of Global Hunger settlement offer (.3); telephone conference with T Imler re need for outline of reorganization plan and timeline (.1)	0.50	\$187.50
8/19/2010	JEK	Telephone conference with attys Brown & Wirth re: plan deadlines, plan treatment, Ackerman prior experience with similar case (Heritage Funding) and possible use of Heritage documents as plan template (.2); receipt & review email from T Imler with final spread sheet which reflects recommended baseline for use in developing the business plan and the formal plan of reorganization (.5)	0.70	\$262.50

DATE	TMKPR	DESCRIPTION	HOURS	FEE
8/20/2010	JEK	Receipt and review Heritage Funding draft Confirmation Order from atty Brown (.3); correspondence with atty Brown requesting Heritage Order & Plan, list of the LCI employees being employed by the Ch 11 Trustee, with their positions and current payroll, request to meet with Trustee & employees to discuss joint plan of reorganization, request for Heritage plan and disclosure statement to help form template for new plan (.2); telephone conference with C Ellyson re: "tiger team" meeting strategy, need to formulate team to move forward with reorganization process, discussion of disclosure statement, plan and confirmation process and timetable for getting responsible parties in place (1.7); receipt & initial review of Heritage Funding forms for plan and disclosure statement from atty Brown, to be used as template for Lydia Cladek proposed joint plan and disclosure statement (1.2); telephone conference with N Yell re: disclosure statement, plan and confirmation process, need to work towards joint plan in cooperation with Ch 11 Trustee (.4); telephone conference with T Imler re: strategy for getting plan team together and moving forward to prepare proposed joint plan, terms of possible joint plan (.3); conference call with Cladek Creditors Committee re: hearing of 8/12, consequences and fund that may be available to fund plan of reorganization, discussion of Heritage documents furnished by Trustee's counsel, strategy for moving forward towards joint plan for reorganization and pursuit of preference and fraudulent conveyance claims (2.2); correspondence with atty LaFleur attempting to present plan to her for review on behalf of creditors she still claims to represent, LaFleur refusal to meet or discuss (.2)	6.50	\$2,437.50
8/23/2010	JEK	Telephone conference with atty Brown re request to meet with Cladek employees to determine management team for reorganization plan, Brown refusal to permit discussions with any employees other than Pitcher & Healy, discussion of Global Hunger settlement proposal (.2); Correspondence with atty Brown re requests for listing of personnel, possible meetings with personnel to help determine necessary employees & team to move forward with new entity, Brown refusal to permit talks with any employee except J Pitcher & M Healy, discussion of Global Hunger proposal and request for additional information re possible defenses and defenses actually raised (.2); Telephone conference with N Yell re same, discussion of upcoming meeting to prepare plan strategy (.8); Telephone conference with C Ellyson re same,	1.80	\$675.00

DATE	TMKPR	DESCRIPTION	HOURS	FEE
		arrangements for "tiger team" meeting and designation of team to undertake various portions of reorganization plan (.4); Telephone conference with T Imler re same (.2)		
8/25/2010	JEK	Review files, feasibility studies and notes, and prepare for meeting in St. Augustine with potential management team, committee members (2.3); attend meeting in St. Augustine with N Yell, D Radbill, C Ellyson, T Imler and S Mumford re: procedures for disclosure statement and plan, discussion of staff going forward, necessary employees and duties, differing plan options, opt out provisions, rights to Debtor's fixtures, furniture & equipment, variations of possible tax structures, discussion of new feasibility spreadsheet and baselines to include in disclosure statement (5.4)	7.70	\$2,887.50
8/30/2010	JEK	Correspondence with atty Brown re request for Heritage plan and disclosure statement in Word format (.1); Telephone conference with T Imler re plan issues, statement to creditors re actions of Committee and current case status (.6)	0.70	\$262.50
		Subtotal for Task Code B320	19.20	\$7,200.00
<b>TOTAL HOURS</b>			<b>111.80</b>	
<b>TOTAL FEES FOR LEGAL SERVICES</b>				<b>\$33,631.00</b>

\* \* Costs \* \*

08/11/2010	American Express; Professional Services 8/11/10 Courtcall	\$30.00
08/19/2010	Jon E. Kane; Meals 8/12 lunch, meetings with creditors committee	\$13.38
08/19/2010	Cheryl Crumrine; Local Mileage 8/12/10 280 @.50 Jacksonville for hearing	\$140.00
08/23/2010	American Express; Professional Services 8/23/10 Courtcall	\$30.00
08/25/2010	Volpe, Bajalia, Wickes, Rogerson, Wachs; Copy charges 8/12/10	\$227.10
08/27/2010	Federal Express Corporation; Express Mail, 8/16/10	\$7.33
08/27/2010	Federal Express Corporation; Express Mail, 8/16/10	\$7.33
08/27/2010	Federal Express Corporation; Express Mail, 8/16/10	\$8.41
08/30/2010	Jon E. Kane; Local Mileage to St Augustine 8/25/10 214 miles @.50	\$107.00
08/31/2010	American Teleconferencing Services, Ltd.; Conference Call 7/14/10	\$68.59
08/31/2010	American Teleconferencing Services, Ltd.; Conference Call 7/20/10	\$70.92
08/31/2010	American Teleconferencing Services, Ltd.; Conference Call 7/29/10	\$148.61

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08/31/2010	American Teleconferencing Services, Ltd.;	\$2.92	
	Conference Call 8/5/10		
08/31/2010	American Teleconferencing Services, Ltd.;	\$55.79	
	Conference Call 8/6/10		
08/31/2010	American Teleconferencing Services, Ltd.;	\$69.99	
	Conference Call 8/9/10		
08/31/2010	Photocopies for Current Billing Cycle	\$223.25	
	Total costs due		\$1,210.62
	Total Fees and Costs		\$35,029.12
	Balance Forward		\$18,133.72
	<b>Total Balance Due</b>		<b>\$53,162.84</b>

Payment is due upon receipt.  
Please include invoice number on check.

**EXHIBIT D****SUMMARY OF EXPENSES AND DISBURSEMENTS**

1.	Photocopies	\$ 450.35
2.	Federal Express	\$ 23.07
3.	Transportation/Mileage	\$ 387.00
4.	Meals	\$ 143.03
5.	Parking	\$ 18.00
6.	Hotel	\$ 213.57
7.	Teleconferencing	\$ 416.82
8.	Courtcall	\$ 60.00
<b>TOTAL EXPENSE REIMBURSEMENT REQUESTED</b>		<b>\$ 1,711.84</b>