

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

| | | |
|------------------------------------|---|------------------------------|
| In Re: |) | Case No. 07-CV-0153 |
| |) | |
| LEVEL PROPANE GASES, INC., et. al. |) | |
| |) | Bankruptcy Case No. 02-16172 |
| Debtors. |) | |
| _____ |) | |
| |) | JUDGE ANN ALDRICH |
| WILLIAM H. MALOOF, |) | |
| |) | |
| Appellant, |) | MAGISTRATE JUDGE PERELMAN |
| |) | |
| |) | |
| vs. |) | |
| |) | |
| LEVEL PROPANE GASES, et. al. |) | |
| |) | |
| Appellees |) | |

ON APPEAL FROM THE UNITED STATES BANKRUPTCY COURT FOR THE
NORTHERN DISTRICT OF OHIO EASTERN DIVISION

APPELLANT’S REPLY BRIEF APPENDIX

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In re: Level Propane Gases, Inc., Case No. 02-16172, USBC NDO

Exhibit “A”

Emails between William Maloof and Steven Sues

Thursday, January 16, 2003 America Online: BillmalooF

Subj: RE: (no subject)
 Date: 12/3/02 4:42:38 PM Eastern Standard Time
 From: chuck.sweet@sarcom.com
 To: BillmalooF@aol.com
 CC: Sgs615@aol.com

I will forward your e-mail on to Steve Sues and solicit his help on your request. Had you been receiving these reports up until 9 weeks ago?

-----Original Message-----
From: BillmalooF@aol.com [mailto:BillmalooF@aol.com]
Sent: Tuesday, December 03, 2002 4:28 PM
To: cesweet@bellsouth.net
Subject: (no subject)

Dear Chuck hope all is well at the company. I have not gotten reports on pick up and sets for 9 wks. I'm glad you finally saw through BLAIR. I'm being asked to produce documents. Please give me a hand.
 21670255609

----- Headers -----
 Return-Path: <chuck.sweet@sarcom.com>
 Received: from rly-xa03.mx.aol.com (rly-xa03.mail.aol.com [172.20.105.72]) by air-xa04.mail.aol.com (v90.10) with ESMTP id MAILINXA43-1203164238; Tue, 03 Dec 2002 16:42:38 -0500
 Received: from scolimx02 (scolimx02.sarcom.com [198.76.179.53]) by rly-xa03.mx.aol.com (v90.10) with ESMTP id MAILRELAYINXA32-1203164214; Tue, 03 Dec 2002 16:42:14 -0500
 Received: from 10.206.69.17 by scolimx02 (InterScan E-Mail VirusWall NT); Tue, 03 Dec 2002 16:41:46 -0500
 Received: by scolimx2.sarcom.com with Internet Mail Service (5.5.2653.19) id <YFLR8VPP>; Tue, 3 Dec 2002 16:42:13 -0500
 Message-ID: <458FF3EDA38D51185BE0008C7911E04050C0BDA@scolinx02.sarcom.com>
 From: chuck.sweet@sarcom.com
 To: BillmalooF@aol.com
 Cc: Sgs615@aol.com
 Subject: RE: (no subject)
 Date: Tue, 3 Dec 2002 16:42:12 -0500
 MIME-Version: 1.0
 X-Mailer: Internet Mail Service (5.5.2653.19)
 Content-Type: multipart/mixed;
 boundary="-----_NexiPartTM-000-3d6685fc-5159-4dbe-827a-bbe97b68ca76"

Thursday, January 16, 2003 America Online: Billmalooof

> Thanks,
 >
 > emailed.
 > last years total. I would also like the Park Place car counts either faxed or
 > are, such as comparing the amount of drivers that are employed currently to
 > I think by seeing some of these reports I may be able to see where things
 > Baxter.
 > financial reports that were promised to me in our settlement signed by Judge
 > I have not received my weekly reports in 2 weeks. I have yet to see the
 >
 > Chuck,

Billmalooof@aol.com wrote:

This email was sent from my Palm(TM) 1705 handheld (www.palm.com)

Steve, please take a look at Bills request and let him know what wecan do. I got your phone message this morning and it was very helpful. I'll let you know how it goes.

I am forwarding your request to Steve Sues.

-----Original Message-----
 From: cesweet@palm.com [mailto:cesweet@palm.com]
 Sent Monday, August 19, 2002 7:23 AM
 To: Steve Sues; billmalooof@aol.com
 Subject: fwd:(no subject)

Steve

I think adding car counts and employed drivers to the operational performance report may be a good idea, and I may do this in the future. If I do this, you will get this information in the ordinary course.

I believe this is consistent with the stipulation, which states the Debtors provide "financial and other information reasonably requested by Malooof in form and content consistent with the generation of such information by the Debtors".

I do not intend at this time, however, to provide your specific individual requests. My staff is overworked as it is, and I must prioritize their time to be spent on the critical matters necessary to meet the primary objectives, as outlined in the status report.

I will provide to you on a weekly basis the same information I provide to the banks and the unsecured creditors, namely the actual vs. budget cash flow report, the weekly status report, and the operational performance report. I will also provide you with the monthly financial statements provided to the banks and the unsecured creditors, when these are available.

Bill:

Subj: FW: (no subject)
 Date: 8/20/02 4:14:15 PM Eastern Daylight Time
 From: SSUES@Level.com
 To: billmalooof@aol.com
 CC: cesweet@bellsouth.net

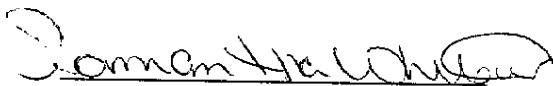
Exhibit “B”

Statement of Samantha Whitesel

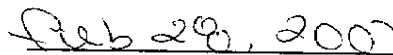
STATEMENT MADE UNDER PENALTY OF PERJURY

Now comes Samantha Whitesel, being of legal age, signing below, and voluntarily makes the following statement under penalty of perjury:

- 1.) That she began her employment with Level Propane Gases, Inc. as a customer service representative after it had been placed in Bankruptcy;
- 2.) That in the first week of July 2003, she was assigned to assist in the cash room transferring customer payments to an Amerigas account prior to the acquisition of Horizon Propane;
- 3.) That, further in first the week of July 2003, she was assigned to assist in the cash room transferring customer account information from one computer data base into another computer data base;
- 4.) That, further, beginning around the third week of January 2003, the hard copy archive library of all accounts was closed to all personnel;
- 5.) That, further, she also states, after the closing of the hard copy archive library, Horizon Propane's policy and procedures for obtaining information on accounts one year and older (pre-dating April, 2002) was to file a request form and that within a few days a photocopied page of requested information was returned.
- 6.) That, further, her first contact with William Maloof was on February 18, 2007.



Samantha Whitesel



Date

Exhibit “C”

Statement of Suzanne Arena

STATEMENT MADE UNDER PENALTY OF PERJURY

Now comes Suzanne Arena, being of legal age, signing below, and voluntarily makes the following statement under penalty of perjury:

1. That she began her employment with Level Propane Gases, Inc. as a collections representative shortly after it had been placed in Bankruptcy;
2. That in the course of her employment with Level Propane Gases, Inc. she had been assigned many different managerial and administrative assignments;
3. That on or around April 21, 2003 the MODI functionality, by which account information that predated April, 2002 was disabled, for when she inquired of a member of the MIS Department as to the status of the MODI, he demurred, because the entire MIS Department had been up all night with respect to this functionality;
4. That after the MODI functionality was disabled as foresaid, she had the ongoing administrative assignment to gather any and all account numbers that were associated with customer billing disputes or questions over a year old referred to her for research and resolution and give those account numbers to John Verbos, these accounts were to be listed by account number only with no other information pertaining to them;
5. That she forwarded the first batch of account numbers associated with customer billing disputes or questions over one year old (pre-dating April, 2002) to John Verbos by e-mail;

6. That she was chastised by John Verbos for communicating the account number *by e-mail* and instructed to hand carry a printed copy to his office personally for any further communications regarding these accounts;
7. That a procedure was established whereby she would communicate the account numbers associated with billing disputes or questions that pre-dated April, 2002 to John Verbos on paper and then he, John Verbos would bring in photocopied pages of old customer accounts for her to distribute to personnel in the Research and Development Department or the Collections Department at a later date;
8. That around early June, 2003, he was able to access the customer accounts using the MODI functionality from *prior to the calendar year 2002 on a computer in John Verbos's office or at a computer at Mary Shoup- Masaitis's work area*;
9. That, further, beginning around the third week of January, 2003 the hard copy archive library of all accounts was closed to all personnel;
10. That a procedure was established whereby through writing, handed into Mary Shoup- Masaitis, to request any information needed from the hard copy archive library of all accounts;
11. That the hard copy archive library of accounts was later reopened to personnel and 90% of the material that constituted the library was missing that was previously present, and mainly material for the past year was present;
12. That, further, her co-workers, Valerie Baso, Taina Fuller and Cindy Shadler, were those also excluded from the hard copy archive library of all accounts around the

third week of January, 2003 and permitted back in later with 90% of the materia
missing as abovesaid;

13. That, further Mary Shoup- Masaitis, ceased coming to work on a daily basis at the
headquarters of Level Propane Gases, Inc. and began working primarily from
home.

14. That, further, her first contact with William Maloof was on July 21, 2006.




Suzanne Arena

7-30-06
Date

third week of January, 2003 and permitted back in later with 90% of the material missing as abovesaid;

13. That, further Mary Shoup- Masaitis, ceased coming to work on a daily basis at the headquarters of Level Propane Gases, Inc. and began working primarily from home.



Suzanne Arena

7-30-06
Date

Exhibit “D”

Statements of Jeff Kessler

STATEMENT MADE UNDER PENALTY OF PERJURY

Now comes JEFF KESSLER, being of legal age, signing below, and voluntarily makes the following statement under penalty of perjury:

- 1.) TO CONTINUE ON THE MONEY, IT SEEMED THAT IS WAS LIKE THE WINTER TIME. MONEY WAS COMING IN AT A VOLUME THAT KEPT US BUSY UNLIKE NORMALLY DURING THAT PERIOD WHEN WE WOULD BE SLOW. THE TIME FRAME WAS JUNE ~~2~~ THRU OCTOBER 31.

Jeff Kessler
Name

3/1/07
Date

STATEMENT MADE UNDER PENALTY OF PERJURY

Now comes JEFF KESSLER, being of legal age, signing below, and voluntarily makes the following statement under penalty of perjury:

- 1.) ON JUNE 27, JACOBS PURCHASED THE COMPANY AND AFTER THAT AN ~~ASSORTED~~^{EXORBITANT} AMOUNT OF MONEY SHOWED UP FROM PREVIOUS MONTHS ACTIVITY. SENT IN BY AMERICAS. AT THAT TIME PATTI GEITGE- WAS MANAGING FROM THE BANKRUPTCY ON TO THE SALE.

Jeff Kessler

Name

3/4/07

Date

Exhibit "E"
DSI First and Final Application for Fees,
Docket No. 724,
In re: Level Propane Gases, Inc., Case No. 02-16172,
USBC NDO

1 DEVELOPMENT SPECIALISTS, INC.
2 WILLIAM A. BRANDT, JR.
3 STEVEN L. VICTOR
4 70 W. MADISON
5 SUITE 2300
6 CHICAGO, ILLINOIS 60602

7 Financial Advisor for the Debtors and the Debtors-In-Possession

8 Debtors' Mailing Address
9 830 Canterbury Road
10 Westlake, Ohio 44145

FILED
02 OCT 30 PM 2:45
CLERK U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

11 UNITED STATES BANKRUPTCY COURT
12 NORTHERN DISTRICT OF OHIO
13 EASTERN DIVISION

14 In re

15 LEVEL PROPANE GASES, INC., *et al.*,
16 Debtors.

Chapter 11

Case No. 02-16172
(Jointly Administered)

Judge: RANDOLPH BAXTER

**FIRST AND FINAL APPLICATION
FOR COMPENSATION AND
REIMBURSEMENT OF EXPENSES
FOR DEVELOPMENT SPECIALISTS,
INC. (JUNE 17, 2002 THROUGH
SEPTEMBER 30, 2002)**

[HEARING DATE TO BE SET]

17
18
19 **TO THE HONORABLE RANDOLPH BAXTER, UNITED STATES BANKRUPTCY
20 JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE AND OTHER
21 PARTIES IN INTEREST:**

22 Development Specialists, Inc. (the "Firm" or "DSI"), the Financial Advisor for
23 LEVEL PROPANE GASES, INC., *et al.*, Ohio corporations, the Debtors and Debtors-in-
24 Possession in the above-captioned Chapter 11 cases (the "LPG Debtors", "Debtors" or
25 "Level"), submits this application pursuant to the Order Authorizing and Establishing
26 Procedures for Interim Payment of Compensation and Reimbursement of Expenses of
27 Professionals Pursuant to Sections 105 (a) and 331 of the Bankruptcy Code entered on
28

FIRST AND FINAL APPLICATION FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES FOR
DEVELOPMENT SPECIALISTS, INC. (JUNE 17, 2002
THROUGH SEPTEMBER 30, 2002)

1 October 7, 2002 (the "Interim Compensation Procedures Order").

2 **I.**

3 **FIRM EMPLOYMENT**

4 The jointly administered Chapter 11 cases of the LPG Debtors were
5 commenced on June 6, 2002 (the "Petition Date"), by the filing of involuntary petitions for
6 relief under Chapter 7 of the Bankruptcy Code against the LPG Debtors.

7 On June 11, 2002, the LPG Debtors and this Court entered an Agreed Final
8 Order and Stipulation: (a) Acknowledging the Authority of Charles Sweet as Sole Director of
9 All Debtors; (b) Converting Cases to Voluntary Cases Under Chapter 11; (c) Granting Order
10 for Relief under Chapter 11; (d) Ordering Joint Administration of all the Cases; and (e)
11 Granting Other Relief (the "Agreed Order"). The Agreed Order was supplemented on June
12 13, 2002 to clarify that orders for relief were granted pursuant to the Agreed Order and were
13 to become effective as of June 17, 2002.

14 The Debtors retained DSI on or about June 12, 2002. A copy of the engagement
15 letter is attached hereto as Exhibit 1. The Court entered an Order Pursuant to Section 327(a) of
16 the Bankruptcy Code Authorizing the Employment and Retention of Development Specialists,
17 Inc. as Financial Advisor for the Debtors and Debtors-In-Possession on or about June 25, 2002.
18 A copy of this Order has been attached hereto as Exhibit 2. Pursuant to this Order, and the LPG
19 Debtors' engagement letter with DSI, the Firm was retained as of June 17, 2002. A copy of the
20 Application to Retain Development Specialists, Inc. is attached hereto as Exhibit 3. The scope of
21 DSI's employment is as set forth in the DSI Application and Engagement Letter. Due to the
22 difficult nature and complexity of these cases, as well as the post-petition evolution of the
23 corporate structure of the Debtors, the emphasis of DSI's engagement also evolved. DSI's role
24 shifted from a central role involving the operations of the Debtors to a role with an emphasis on
25 managing and coordinating the sale due diligence process with numerous potential buyers and
26 interested parties.

27

28

1 reorganization counsel for the Debtors, being filed concurrently with this Application.

2 **IV.**

3 **RESPONSIBLE PERSONNEL**

4 The persons assigned to this matter, their hourly rates, and a brief description
5 of their responsibilities during the Application Period are set forth below. A summary of the
6 time and related fees by task is included in this application and attached hereto as Exhibit 5.

7 **A. Hourly Rates**

8 The hourly rates of all professionals rendering services in this matter are set
9 forth below:

| | | |
|----|------------------------|----------|
| 10 | William A. Brandt, Jr. | \$475.00 |
| 11 | Steven L. Victor | \$360.00 |
| 12 | James E. Moore | \$290.00 |
| 13 | Mark F. Thomann | \$275.00 |
| 14 | Frederick R. Reed | \$395.00 |
| 15 | Alan J. Omori | \$250.00 |
| 16 | M. Scott Michel | \$315.00 |

17 A copy of each of these individual's biography has been attached hereto as
18 Exhibit 6.

19 **B. Overall Blended Rate**

20 The overall blended hourly rate for all of the consultants involved in this matter
21 during this Application Period was \$294.83. That rate is based on the total hours covered by
22 this Application, 1270.80, and the total fees of \$374,675.50 sought in this Application.

23 **V.**

24 **SUMMARY OF SERVICES RENDERED**

25 In accordance with the Guidelines for Compensation and Expense
26 Reimbursement of Professionals of this Court and with the United States Trustee Guidelines
27 for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under
28 Section 11 U.S.C. 330 (collectively, the "Compensation Guidelines"), the activities of the

1 Firm have been divided into 17 specific categories and the detailed time records attached as
2 Exhibit 4 have been sorted by such categories. A summary of the fees incurred under each
3 billing category is set forth below.

4 **Summary of Services Rendered and Fees Incurred in the Chapter 11 Case.**

5 **A. Case Administration**

6 The time spent in this category includes negotiations between the officers and sole director of
7 the LPG Debtors as well as counsel for the LPG Debtors regarding the scope and direction of
8 the case. These efforts include numerous conversations and meetings with Mr. Sweet, the
9 sole director of the Debtors regarding retention of counsel for the Debtors, retention of an
10 investment banker and retention of a claims agent. In addition, the Firm's efforts under this
11 category include many discussions and meetings with representatives from the Office of the
12 United States Trustee regarding both the Chapter 11, in general, and the issues regarding the
13 retention of DSI, specifically. During the Application Period, time was also spent meeting
14 with management, and gathering and disbursing general information about the Debtors'
15 operations for both the new CEO and for counsel for the Debtors.

16 **Total Hours 55.80/Total Fees \$19,536.50**

17 **B. Fee Application/Client Billing**

18 The time spent in this category includes review of hours and expenses for the months of July
19 and August. No time has been billed for the preparation of either the monthly cover sheet
20 applications or this final fee application. The time for the preparation of these items is and
21 has voluntarily been written off by the Applicant.

22 **Total Hours 2.10/Total Fees \$756.00**

23 **C. Attend Court Hearings/Review Pleadings**

24 During this period and particularly during the early days of the case, the Firm worked closely
25 with counsel for the Debtors in the preparation of and information gathering related to the
26 numerous first day motions that were filed in this matter with this Court. In addition, time
27

1 was spent attending the hearings related to those first day motions as well as those hearings
2 involving the retention of DSI. In addition, DSI worked closely with the Debtors and the
3 secured lender, and their advisors, in the negotiations of the DIP agreement and Post-Petition
4 Credit Agreement.

5 **Total Hours 32.70/Total Fees \$11,414.50**

6 **D. Accounting/Auditing**

7 During the Application Period, DSI spent approximately 8.96% of its time on work related to
8 accounting. This effort includes the preparation of various budgets and weekly budget-to-
9 actual reports including the development of accounting templates and rollforward analysis for
10 working capital assets. The work in this category also included working with the Debtors to
11 create pre- and post-petition accounting systems and in the preparation and regular review of
12 payments for pre-petition items such as payroll, employee reimbursement and taxes which
13 were approved for payment by this Court, subject to statutory limitation. DSI also worked
14 closely with the secured lender and their advisors in the preparation of the detailed DIP
15 budget by department and the creation of funding mechanisms and logistics between the
16 secured lender and the Debtors. In addition, DSI worked with the Debtors' accounting staff
17 to establish post-petition banking procedures and to establish an acceptable cash management
18 system. DSI also worked with the accounting department on the processing of payroll, fuel
19 purchase logistics, wires and claims management.

20 **Total Hours 113.90/Total Fees \$29,525.50**

21 **E. Business Analysis**

22 Given the complexity of the case and the evolution of the corporate structure, DSI spent a
23 significant amount of time assisting management with the post-petition operations of the
24 various Debtors. This work included day-to-day assistance with items including the
25 following:

- 26 1. Collection of accounts receivable;

1 **G. Bankruptcy Schedules**

2 The work in this category is limited to DSI's assistance with the preparation of the initial set
3 of bankruptcy schedules and Statement of Financial Affairs.

4 **Total Hours 15.40/Total Fees \$3,938.00**

5 **H. Monthly Bankruptcy/Semi-Annual Reports**

6 The work in this category includes participation in the initial debtor interview with the Office
7 of the United States Trustee and the initial discussions with the Debtors regarding the
8 preparation of the monthly operating reports.

9 **Total Hours 5.50/Total Fees \$1,516.50**

10 **I. Accounts Receivable Review/Collections**

11 The work in this category includes discussions, telephone calls and meetings with the
12 Debtors, its counsel and collection department regarding reconciliation of accounts
13 receivable due, discussions of possible set-offs and offsets related to restitution claims and
14 claims resolution; also discussions of the concept and viability of instituting litigation against
15 account debtors.

16 **Total Hours 10.40/Total Fees \$3,291.00**

17 **J. Lease Analysis and Executory Contracts**

18 During the Application Period, the applicant had numerous conversations and telephone calls
19 with Mr. Sues, counsel for the Debtors, and the transportation department regarding tank
20 leases, vehicle and equipment leases, site leases and through-put agreements; these efforts
21 were aimed primarily at the preparation of information to be included in the Debtors' due
22 diligence material and for funding requirements to be included in the DIP budget. Time was
23 also spent reviewing leases and executory contracts that impacted day-to-day operations of
24 the Debtors such as the maintenance agreement with Donlan. DSI also participated in
25 numerous telephone calls with lessors regarding the status and location of the lessors'
26 underlying assets and payments outstanding.

1 **Total Hours 72.40/Total Fees \$23,239.00**

2 **K. Employee Benefit/Pension/Insurance**

3 The time spent in this category involved the review of employee issues including the Debtors'
4 proposed retention program including conversations and meetings with the Debtors and counsel
5 for the Debtors regarding same. In addition, time was spent with the risk manager from AON
6 regarding insurance coverage, policy terms and limits. DSI also worked with the human
7 resource department regarding medical benefit issues and employee issues.

8 **Total Hours 16.70/Total Fees 5,132.50**

9 **L. Sale of Assets**

10 During the Application Period, DSI spent 243.70 hours, which is equal to 19.18% on this
11 matter. DSI worked closely with the Debtors and counsel for the Debtors in the retention of
12 William Blair as investment banker for the Debtors. From the outset of this process, DSI
13 worked closely with William Blair to bring them up to speed with the status of the operations
14 since their earlier involvement with the Debtors. DSI also worked closely with William Blair
15 in the marketing of the Debtors' assets through augmentation of the buyers lists, preparation
16 of draft advertisement and through the blast e-mailing of a "teaser" information letter to
17 approximately 115 private equity firms. DSI also took the lead role in reviewing and
18 preparing the due diligence material and due diligence rooms, creating diligence material for
19 William Blair in Chicago and for parties interested in visiting the Debtors' Cleveland
20 headquarters. Pursuant to the requests of the Debtors and the counsel for the Debtors, DSI
21 assumed the responsibility of coordinating the sale process as the representative of the
22 Debtors. Specifically, DSI participated in, coordinated and managed all of the on-site due
23 diligence meetings held at the Debtors' site. This effort included attendance at and
24 participation in all due diligence meetings, plant tours and all interviews with the
25 management and staff of the Debtors. This process included oversight in numerous all day
26 meetings with at least 8 groups of interested buyers, including representatives from the

1 groups that ultimately became the DIP lenders. In addition, DSI served as the clearinghouse
2 for the information flow and due diligence requests made by William Blair and the buyer, as
3 well as for report requests that were frequently made by the interested parties. In addition,
4 DSI participated in weekly status calls with the Debtors, the secured lender, the advisor to the
5 secured lenders and the counsel for both the Debtors and the secured lenders (also,
6 occasionally attended by counsel of the Unsecured Creditors' Committee) in order to review
7 the status of the sale and the interest of the buyers. Given DSI's day-to-day role at the
8 Debtors and its familiarity with the 363 sale process, the bifurcation of the sales effort by DSI
9 and William Blair was made most efficient and eliminated duplication of efforts in the sale
10 process.

11 **Total Hours 243.70/Total Fees \$86,882.00**

12 **M. Secured Lenders/Cash Collateral**

13 During the Application Period, DSI spent 217.50 hours (approx. 17.12% of the total time
14 spent in this matter) in telephone calls, meetings and discussions with the Debtors, Debtors'
15 counsel and the secured lenders, including numerous calls and meetings with both their
16 counsel and their advisors regarding, among other things, interim use of cash collateral,
17 complex and lengthy negotiations regarding the DIP loan, funding requests, budget to actual
18 reports and variance analysis. This effort also included weekly and often daily discussions
19 regarding budget items and collection issues and trends. Much time was also spent with
20 NewMarket Partners, the secured lenders' on-site advisors, regarding the status of the day-to-
21 day operations, staffing and retention. In addition, much effort was spent explaining and
22 updating the secured lenders as to buyers' interest in the various assets of the Debtors, the
23 location and nature of assets of the Debtors and the continuing ramp-up of business and
24 business planning for the upcoming heating season.

1 **Total Hours 217.50/Total Fees \$61,183.50**

2 **N. Creditors/Creditors' Committee Contact**

3 The time spent in this category includes numerous meetings, discussions and telephone calls
4 with creditors, counsel for creditors, as well as with the counsel and Financial Advisor for the
5 Official Unsecured Creditors' Committee. Much of the time spent in this category was in an
6 effort to bring the Unsecured Creditors' Committee advisors and counsel up to speed
7 regarding the filing, the operations of the Debtors, and to keep them abreast of the status of
8 the sale process. In addition, DSI also participated in telephone calls with the Attorney
9 Generals of the states in which AVC's were pending. These calls were in an effort to explain
10 the position of the debtor and the direction of the case so that the Attorney Generals would be
11 able to keep their constituencies current with the status of Debtors' compliance with the
12 AVC's and the status of the pre-petition restitution claims.

13 **Total Hours 26.30/Total Fees \$7,942.50**

14 **O. Shareholder Contact/Related Issues**

15 Pursuant to the requests of the officers and the sole director of the Debtors, DSI served as a
16 liaison between the Debtors and the shareholders of the Debtors. This was a particularly
17 important function at the beginning of the case when the shareholders and the shareholders'
18 family were forbidden, pursuant to the Agreed Order, from returning to the business or
19 contacting employees. This effort was most often limited to telephone calls, information
20 requests and/or meetings with the shareholders.

21 **Total Hours 15.20/Total Fees \$5,454.00**

22 **P. Officer and Director Issues**

23 The time included in this category involves numerous telephone calls, discussions and
24 meeting with Mr. Charles Sweet, the sole director of the Debtors. These interactions
25 involved the status of operations, the status of the sales efforts, corporate counsel, corporate
26 governance issues and information requests and comments from the shareholders of the

1 Debtors.

2 **Total Hours 12.40/Total Fees \$4,446.00**

3 **Q. Travel**

4 The travel time has been billed at 50% of the individual's customary hourly rate. In this
5 matter, the Firm established a standard travel time of 2.50 hours for travel to/ from Chicago
6 to Cleveland. This standard represents the least amount of time that it took over the entire
7 Application Period for a consultant on this matter to travel to or from Cleveland. The actual
8 travel time ranged from nearly 3 hours to in excess of 9 hours depending on weather and
9 travel conditions.

10 **Total Hours 155.00/Total Fees \$48,400.00**

11 **Total Fees @ 50% \$24,200.00**

12 **Summary of Expenses Incurred**

13
14 DSI advanced costs including certain in-house charges on behalf of the Debtors
15 in connection with the performance of the services described in this Application. During this
16 Application Period, DSI has incurred a total of \$43,882.08 in expenses on behalf of the
17 Debtors. The charges are summarized in the Summary of Expenses and Summary of Travel
18 Expenses that are attached as Exhibit 7. This is \$1,349.65 higher than the amount reflected
19 in the Cover Sheet Application due to the fact that additional telephone bills and expenses
20 were logged into the Firm's accounting system since the original invoice was published.

21 All travel charges incurred by DSI are billed at actual cost. All airfare charges
22 reflect the cost of economy class travel. This Application includes photocopy charges at \$.20
23 per page. DSI's photocopying machine automatically records the number of copies made
24 when a person doing the copying enters the client's account number into a device attached to
25 the photocopier. DSI summarizes each client's photocopying charges on a monthly basis.
26 Whenever feasible, DSI sends large copying projects to an outside copy service that charges a

1 reduced rate for photocopying.

2 DSI charges the actual cost of the toll charges for outgoing long distance faxes.

3 Fax receipts are not charged to clients.

4 DSI does charge the actual costs for long distance calls placed by its
5 professionals from their offices. DSI believes the foregoing rates are market rates.

6 **VI.**

7 **COMPLIANCE WITH COMPENSATION GUIDELINES**

8 The Firm believes that every professional employed on behalf of a Chapter 11
9 estate has a responsibility to control fees and expenses by providing service in an efficient
10 and effective manner. To this end, the Firm has worked with counsel for the Debtors and
11 other persons involved in the Firm's work to coordinate and facilitate the efficient
12 prosecution of the matters on which it is employed.

13 Staffing of matters within the case is done with the objective of providing the level of
14 representation appropriate to the significance, complexity, or difficulty of the particular
15 matter. Often, when more than one consultant attended a meeting or hearing, only one
16 consultant billed the time for that meeting or hearing. When more than one consultant billed
17 for attendance at any time, the attendance was either at the specific request of the Debtors or
18 was required by the subject matter. This was especially required in this matter given the
19 complexity of the case and the breadth of the operations of the Debtors, in which DSI was
20 involved. In addition, much effort was taken to accommodate the needs of the Debtors, the
21 secured lenders and the Official Unsecured Creditors' Committee. All client billings are
22 reviewed for reasonableness and adjusted by the Firm so that the charges are consistent with
23 the value of the services.

24 The Compensation Guidelines set forth a policy for the compensation and
25 expense reimbursement of professionals in bankruptcy cases. Among the requirements of the
26 Compensation Guidelines is a certification by the professional that: (1) The compensation
27

1 and reimbursement sought by the application conforms to the Compensation Guidelines
2 except as specifically noted in the application; and, (2) The compensation and expense
3 reimbursement sought by the application are based on rates and charges no less favorable
4 than those customarily billed by the professional in other matters.

5 The Firm believes that the fees and reimbursement of expenses sought by this
6 application comply with the Compensation Guidelines. All expenses are billed at actual cost,
7 including postage, computerized research and telephone charges. Photocopies are charged at
8 20¢ per page and outgoing facsimile transmissions are billed at the telephone toll rate.

9 **VII.**

10 **CONCLUSION**

11 The Firm believes that the allowance of fees and expenses sought in this
12 application is appropriate and that the fees are reasonable and necessary in light of the
13 circumstances of this Chapter 11 case and the scope and difficulty of the business and legal
14 issues involved.

15 All monthly fee statements relevant to this application have been provided to
16 the Debtors. A copy of this Application is also being provided to the Debtors concurrently
17 with the filing of the application. A copy of the cover letter transmitting the application and
18 supporting declaration is attached hereto as Exhibit 8.

19 In conjunction with the creation of the DIP loan and funding procedures, the
20 Debtors established bank accounts for the Debtors' professionals in this case. These accounts
21 were funded pursuant to the weekly funding request as represented in the DIP budget. As of
22 10/02/02, the balance in the Development Specialists, Inc. Professional Fee Escrow was
23 equal to \$517,440.00.

24 **WHEREFORE**, Development Specialists, Inc. respectfully requests the Court
25 to enter an order:

- 26 1. Allowing fees in the amount of \$374,675.50 and expenses in the

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amount of \$43,882.08 on a final basis;

2. Authorizing the Debtors to pay the unpaid balance of allowed fees and expenses; and

3. For such other and further relief as is just.

DATED: 10/22/02, 2002.

DEVELOPMENT SPECIALISTS, INC.

By 
Steven L. Victor

EXHIBIT 1

June 12, 2002

Mr. Charles Sweet
Director
Level Propane Gases, Inc.
Level Energy Group, Inc.
The Park Place Companies, Inc.
Park Place, Inc.
Park Place Management, Inc.
Over-Flo Lot, Incorporated and WHM Emprises, Inc.

Re: Retention of and Letter of Engagement with
Development Specialists, Inc. ("DSI")

Dear Mr. Sweet:

We understand that petitioning creditors filed an involuntary petition for relief under Chapter 7 of the Bankruptcy Code on June 6, 2002. The cases will be, or have been, converted to cases under Chapter 11 of the United States Bankruptcy Code effective June 17, 2002. The cases known as Level Propane Gases, Inc., ("LPG"), Level Energy Group, Inc. ("LEG"), The Park Place Companies, Inc. ("PPCI"), Park Place Inc. ("PPI"), Park Place Management, Inc. ("PPMI"), the Over-Flo Lot, Incorporated ("OFL") and WHM Emprises, Inc. ("WHM") are jointly administered and collectively known as (the "Debtors" the "Companies" or "Level")

This letter will serve as our firm's written agreement to provide LPG, LEG, PPCI, PPI, PPMI, OFL and WHM with consulting services effective nunc pro tunc to June 11, 2002. Our firm's role will be to provide the following financial, ~~management~~, and consulting services:

