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4	Financial Advisor to the Official Committee of Unsecured Creditors	
5	UNITED STATES BANKRUPTCY COURT	
6	SOUTHERN DISTRICT OF CALIFORNIA	
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8	In re: :	Case Nos. 03-3470-All
_	LEAP WIRELESS INTERNATIONAL, INC.,	through 03-3535-All (Jointly Administered)
9 10	and CRICKET COMMUNICATIONS, INC., et al., : Debtors. :	Chapter 11
		FIRST INTERIM FEE
11		APPLICATION OF CHANIN
12		CAPITAL PARTNERS LLC
13		Judge: Hon. Louise DeCarl Adler
14		Hearing
15		
16		Date: December 11, 2003 Time: 10:30 a.m.
17		Place: Department 2
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SUMMARY OF FEES AND COSTS REQUESTED BY APPLICANT

Application Period

April 13, 2003- September 30, 2003

Total Hours Recorded

Total Fees Requested (based on Monthly

Fee of \$100,000.00)

Total Costs Requested

Total Request

\$6,467.83

\$560,000.00

770

\$566,467.83

TO THE HONORABLE LOUISE DECARL ADLER, UNITED STATES BANKRUPTCY JUDGE; THE OFFICE OF THE UNITED STATES TRUSTEE, AND THE DEBTORS AND THEIR COUNSEL; CERTAIN CREDITORS AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that, Chanin Capital Partners, LLC ("Chanin" or "Applicant"), financial advisor to the Official Committee of Unsecured Creditors (the "Committee") of LEAP Wireless International, Inc. ("Leap"), one of the above-captioned debtors and debtors-inpossession (collectively, the "Debtors"), hereby submits its First Interim Fee Application (the "Application") for the period April 13, 2003 through September 30, 2003 pursuant to 11 U.S.C. §§ 328 and 331, and respectfully represents:

I. INTRODUCTION

1. By this application, Chanin seeks (i) interim allowance and award of compensation for the professional services rendered by Chanin as financial advisor to the Committee for the period from April 13, 2003 (the "Compensation Period") in the amount of \$560,000.00 and (ii) reimbursement of actual and necessary expenses incurred by Chanin during the Compensation Period in connection with the rendition of such professional services in the amount of \$6,467.83.

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Venue of this proceeding and this application is proper in this district pursuant to
28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are 11 U.S.C.
§§ 328 and 331 and Federal Rules of Bankruptcy Procedure 2002(a) and 2016.

II. <u>BACKGROUND</u>

3. On April 13, 2003 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

4. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Bankruptcy Code Sections 1107(a) and 1108.

5. On April 25, 2003 (the "Committee Formation Date"), the United States Trustee appointed the Committee to serve in the Debtors' chapter 11 cases. The Committee selected Chanin as its financial advisor. By order dated June 18, 2003 (the "Retention Order" – attached hereto as Exhibit "A"), this Court approved the retention of Chanin as financial advisor to the Committee as of the Petition Date. From September 2002 through the Committee Formation Date, Chanin advised and represented an ad hoc committee of holders of Leap's bonds (the "Unofficial Noteholders' Committee") in connection with a potential restructuring of the Debtors' indebtedness under the bonds (the "Notes"). The terms of that employment are set forth in the engagement letter dated September 19, 2002 (the "Engagement Letter" – attached hereto as Exhibit "B"). The Committee agreed to engage Chanin on the same terms as those set forth in the Engagement Letter.

6. Under the terms of the Engagement Letter, Chanin is to be paid a monthly advisory fee ("Monthly Fee") of \$100,000. In addition to the Monthly Fee, the Debtors shall pay Chanin a deferred fee (the "Deferred Fee") upon consummation of a Restructuring Transaction (as defined in the Engagement Letter). The Deferred Fee is equal to 1.50% of the Total Consideration received by the unsecured creditors in excess of \$45 million. The Deferred Fee is payable in kind at closing on the effective date of the Restructuring Transaction. The Deferred Fee also shall be payable if Chanin's engagement is terminated by the Committee without Cause (as defined in the Engagement Letter) and a Restructuring Transaction is consummated within 12

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months of the effective date of such termination. Additionally, Chanin shall also be reimbursed for its out-of-pocket expenses incurred in connection with Chanin's engagement by the Committee, which shall include but not be limited to all reasonable travel expenses (coach fare), computer and research charges, attorney fees (provided that such attorney fees shall not exceed \$25,000 in the aggregate without the Committee's prior consent), messenger services and longdistance telephone calls.

III. <u>RELIEF REQUESTED</u>

 Chanin has previously filed monthly fee notices pursuant to the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated May 6, 2003 ("Fee Procedures Order").

8. Other than as described herein, Applicant has received no payment and no promises for payment from any source for services rendered in connection with these cases. There is no agreement or understanding between the Applicant and any other person for the sharing of compensation to be received for the services rendered in these cases.

9. Pursuant to the Fee Procedures Order, Chanin has filed with the Court the following: (i) First Monthly Fee Notice on July 10, 2003, requesting payment of \$128,965.13 representing the sum of \$128,000.00 (80% of the fees incurred) and \$965.13 (100% of the expenses) for the period of April 13, 2003 through May 31, 2003 (the "First Fee Notice"), (ii) Second Monthly Fee Notice on July 25, 2003, requesting payment of \$80,944.69 representing the sum of \$80,000.00 (80% of the fees incurred) and \$944.69 (100% of the expenses) for the period of June 1, 2003 through June 30, 2003 (the "Second Fee Notice"), (iii) Third Monthly Fee Notice on August 27, 2003, requesting payment of \$81,928.97 representing the sum of \$80,000.00 (80% of the fees incurred) and \$1,928.97 (100% of the expenses) for the period of July 1, 2003 through July 31, 2003 (the "Third Fee Notice"), (iv) Fourth Monthly Fee Notice on September 19, 2003, requesting payment of \$81,733.04 representing the sum of \$80,000.00 (80% of the fees incurred) and \$1,733.04 (100% of the expenses) for the period of August 1,

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2003 through August 31, 2003 (the "Fourth Fee Notice"), and (v) Fifth Monthly Fee Notice on October 12, 2003, requesting payment of \$80,896.00 representing the sum of \$80,000.00 (80% of the fees incurred) and \$896.00 (100% of the expenses) for the period of September 1, 2003 through September 30, 2003 (the "Fifth Fee Notice"). Chanin has received payments to-date totaling \$377,581.83 with respect to the First through Fifth Fee Notices. Chanin hereby requests that the Court approve the sum of \$560,000.00 in fees and \$6,467.83 in expenses, for a total of \$566,467.83.

10. As stated in the Declaration of Russell A. Belinsky, annexed hereto as Exhibit "C," all of the services for which interim compensation is sought herein were rendered for or on behalf of the Committee solely in connection with these cases.

IV. <u>SUMMARY OF SERVICES RENDERED</u>

11. Since April 13, 2003, Chanin has rendered professional services to the Committee as requested and as necessary and appropriate in furtherance of the interests of the Debtors' unsecured creditors. The variety and complexity of these cases and the need to act or respond on an expedited basis in furtherance of the Committee's needs have required the expenditure of substantial time by Chanin personnel.

12. Chanin does not maintain, in the normal course of providing financial advisory services to its clients, detailed written time records. However, in this case, Chanin maintained written records of the time expended by Chanin professionals in the rendition of their professional services to the Debtors. Such time records were made contemporaneously with the rendition of services by the person rendering such services and in the ordinary course of Chanin's practice, and are presented in a form that is in compliance with the Retention Order. A compilation showing the name of the professional, the date on which the services were performed, a description of the services rendered, and the amount of time spent in performing the services during the Compensation Period is annexed hereto as Exhibit "D".

13. Chanin maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of its professional services, all of which are also available for inspection. A schedule of the categories of expenses and amounts for which reimbursement is requested is annexed hereto as Exhibit "E".

14. Chanin respectfully submits that the professional services that it rendered on behalf of the Committee were necessary and have directly contributed to the effective administration of these cases.

15. The following summary of services rendered during the Compensation Period is not intended to be a detailed description of the work performed, as those day-to-day services and the time expended in performing such services are fully set forth in Exhibit "D". Rather, it is merely an attempt to highlight certain of those areas in which services were rendered to the Debtors, as well as to identify some of the problems and issues that Chanin was required to address.

(i) <u>Financial Due Diligence</u>

16. Chanin continued its extensive financial due diligence process to understand and assess the operational performance and financial position of the Debtor. This process included an in-depth review and analysis of significant amounts of historical financial information, presentations prepared by the Debtor, monthly financial statements and reports, weekly cash flow forecasts, and bankruptcy court filings, as well as meetings and teleconferences with Company management and its advisors.

(ii) <u>Financial Analysis</u>

17. Chanin reviewed and analyzed the changing cash flow forecasts and budgets provided by the Debtor vis-à-vis the Debtor's original and revised projections, and historical performance. Chanin also reviewed and analyzed the Debtor's weekly cash flow projections and statements of liquidity, including monitoring uses of cash vs. an approved budget. In addition,

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Chanin also prepared a summary analysis of the Debtor's monthly financial performance on behalf of Committee members.

(iii) <u>Recovery and Valuation</u>

18. During the Compensation Period, Chanin updated its detailed and integrated recovery model (the "Recovery Model") with revised financial and liquidity forecasts prepared by the Debtor during April and May, as well as revised scenarios prepared subsequently. The Recovery Model was utilized to determine recovery scenarios on behalf of the Committee, including valuation of non-cash assets such as licenses, causes of action and equity. The Recovery Model was continuously utilized to enable Chanin to engage in ongoing discussions with Committee members to discuss strategy. Chanin also reviewed the Debtor's liquidation analysis and participated in conference calls with the Debtor's management and its advisors to better understand the key assumptions.

(iv) Review of Motions / Plans of Reorganization Documents

19. During the Compensation Period, Chanin reviewed several motions filed by the Debtors, including contract assumptions and rejections, KERP plans, plan of reorganization, disclosure statement and other business related matters.

(v) <u>Claims Analysis</u>

20. Chanin reviewed and analyzed claims filed against the Debtors and the Debtors' notices of assumption and rejection of claims, and participated on several conference calls with the Debtor's management and its advisors to better understand the rationale and key assumptions. Chanin presented its findings to the Committee.

Testimony / Court Hearings (vi)

During the Compensation Period, Chanin provided testimony on issues such as 21. the motion to appoint an equity committee, and participated, in conjunction with Committee counsel, in monitoring the progress of the case during court hearings on expert testimony regarding valuation issues and plan confirmation. Chanin presented its findings to the Committee.

Fee Application Preparation (vii)

Chanin compiled time and expense descriptions of the services it provided, and 22. performed other tasks in order to comply with the Fee Procedures Order. Chanin made every effort to minimize the amount of time and fees incurred for these activities.

Creditors' Committee Meetings (viii)

Chanin communicated regularly with Committee members during the 23. Compensation Period. Chanin participated in several conference calls with the Committee during the Compensation Period. In preparation for these calls with the Committee, Chanin researched the financial and business issues to be discussed on the calls.

Through these conference calls and meetings, Chanin has assisted the Committee 24. in fulfilling its statutory duties to make informed decisions regarding the various issues which have arisen in these cases, to monitor closely the Debtors' management of these proceedings, and to reach independent conclusions on the merits of specific matters, as well as regarding the prospects of reorganization.

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ALLOWANCE OF COMPENSATION V.

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Section 328 of the Bankruptcy Code authorizes the Court to award financial 25. advisors for a chapter 11 Creditor's Committee reasonable compensation for services rendered. That section provides, in pertinent part:

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(a) The trustee, or a committee appointed under section 1102 of this title, with the court's approval, may employ or authorize the employment of a professional person under section 327 or 1103 of this title, as the case may be, on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, or on a contingent fee basis. Notwithstanding such terms and conditions, the court may allow compensation different from the compensation provided under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions.

11 U.S.C. § 328(a).

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26. The Retention Order establishes that Applicant was employed pursuant to section 1103 of the bankruptcy Code. Moreover, as set forth in detail herein, Applicant has established that the requested fees are reasonable and were necessary given the circumstances of the Debtors' cases and the role of the Committee in connection therewith. Applicant's request for compensation for services rendered to, and reimbursement of expenses incurred on behalf of, the Committee during the Application Period, satisfies the requirements of sections 328 and 1103 of the Bankruptcy Code.

27. The total time recorded by Chanin professionals during the Compensation Period was 770 hours. The work involved, and thus the time expended, was carefully assigned in light of the experience and expertise required for a particular task.

28. As shown by this application and supporting documents, Applicant spent its time economically and without unnecessary duplication of time. Attached hereto as Exhibit "D" is a schedule of the hours expended by the professionals during the Compensation Period. In addition, Chanin incurred actual out-of-pocket expenses in connection with the rendition of the professional services to the Committee in the sum of \$6,467.83 for which Chanin respectfully requests reimbursement in full.

29. The disbursements and expenses have been incurred in accordance with Chanin's normal practice of charging clients for expenses clearly related to and required by particular matters. Chanin has endeavored to minimize these expenses to the fullest extent possible.

30. Chanin's billing rates do not include charges for photocopying, telephone and telecopier toll charges, computerized research, travel expenses, "working meals," secretarial overtime, postage and certain other office services, since the needs of each client for such services differ. Chanin believes that it is fairest to charge each client only for the services actually used in performing services for it. In these proceedings, Chanin charges \$.15 per page for internal duplicating and \$1.00 per page for outgoing facsimile transmissions. Chanin does not charge for incoming facsimile transmissions.

31. No agreement or understanding exists between Chanin and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with these cases.

32. No prior application has been made in this or in any other Court for the relief requested herein for the Compensation Period.

WHEREFORE, Chanin requests that this Court enter an order as follows:

1. Awarding to Chanin compensation for the Application Period, pursuant to sections 328 and 1103 of the Bankruptcy Code, in the amount of \$566,467.83, which consists of compensation for professional services rendered to the Committee in the amount of \$560,000.00, and reimbursement for out-of-pocket expenses incurred on behalf of the Committee in the amount of \$6,467.83;

2. Authorizing and requiring the Debtor to pay to Chanin all sums awarded by the Court pursuant to this Application; and

3. Granting to Chanin such other and further relief as the Court may deem just and proper under the circumstances of this case.

Dated: Los Angeles, California November 7, 2003

CHANIN CAPITAL PARTNERS, LLC

Russell A. Belinsky Senior Managing Director 11150 Santa Monica Blvd., 6th Floor Los Angeles, California 90025 (310) 445-4010

Financial Advisors to the Official Committee of Unsecured Creditors