

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

NVN LIQUIDATION, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10937 (LSS)

Objection Deadline:
April 8, 2024 at 4:00 p.m. (ET)

**MONTHLY FEE APPLICATION OF SMITH, ANDERSON, BLOUNT,
DORSETT, MITCHELL & JERNIGAN, LLP, AS CORPORATE COUNSEL
FOR THE DEBTORS AND DEBTORS IN POSSESSION, FOR ALLOWANCE
OF MONTHLY COMPENSATION AND FOR MONTHLY REIMBURSEMENT
OF ALL ACTUAL AND NECESSARY EXPENSES INCURRED FOR THE
PERIOD FEBRUARY 1, 2024 THROUGH AND INCLUDING FEBRUARY 29,
2024**

Name of Applicant:	SMITH, ANDERSON, BLOUNT, DORSETT, MITCHELL & JERNIGAN, LLP
Authorized to Provide Professional Services to:	Debtors and Debtors in Possession
Date of Retention:	September 7, 2023, <i>nunc pro tunc</i> to July 17, 2023
Period for which compensation and reimbursement is sought:	February 1, 2024 through February 29, 2024
Amount of compensation sought as actual, reasonable and necessary:	\$10,440.15
Amount of reimbursement sought as actual, reasonable and necessary:	\$0.00
This is a <u> x </u> monthly application	<u> </u> final application

The total time expended for fee application preparation is approximately 1 hour and the corresponding compensation requested is approximately \$250.00.²

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors' federal tax identification number (if applicable), are: NVN Liquidation, Inc. (formerly Novan, Inc.) (7682) and EPI Health, LLC (9118). The corporate headquarters and the mailing address for the Debtors is P.O. Box 64, Pittsboro, NC 27312.

² Allowance of compensation for such time is not requested in this application but will be sought in a subsequent fee application.



If this is not the first application filed, disclose the following for each prior application:

DATE FILED	PERIOD COVERED	REQUESTED FEES/EXPENSES	APPROVED FEES/EXPENSES
10/6/23	7/17/23 – 8/31/23	\$161,495.48	\$161,495.48
10/19/23	9/1/23 – 9/30/23	\$57,664.49	\$57,664.49
11/21/23	10/1/23 – 10/31/23	\$20,928.60	\$20,928.60
12/18/23	11/1/23 – 11/30/23	\$9,030.01	\$9,030.01
1/26/24	12/1/23 – 12/31/23	\$5,621.65	\$5,621.65
2/21/24	1/1/24 – 1/31/24	\$8,272.96	\$8,272.96

**COMPENSATION BY PROFESSIONAL
NVN LIQUIDATION, INC.
(Case No. 23-10937 (LSS))
February 1, 2024 through February 29, 2024**

Name of Professional	Position of the Applicant, Area of Expertise, Number of Years in that Position, Year of Obtaining License to Practice	Hourly Billing Rate	Total Billed Hours	Total Compensation
James R. Jolley	Partner, Mergers and Acquisitions and Securities, 8 years, 2014	\$556.50	12.50	\$6,958.25
Olivia Meade	Associate, Securities, 2 years, 2022	\$441.00	7.90	\$3,483.90
Total			20.40	\$10,440.15
BLENDED RATE: \$511.77				
ATTORNEY BLENDED RATE: \$511.77				

COMPENSATION BY PROJECT CATEGORY

**NVN LIQUIDATION, INC.
(Case No. 23-10937 (LSS))**

February 1, 2024 through February 29, 2024

Project Category	Total Hours	Total Fees
Asset Dispositions/363 Sales	11.0	\$5,629.49
Securities	9.4	\$4,810.66
TOTAL	20.4	\$10,440.15

EXPENSE SUMMARY

**NVN LIQUIDATION, INC.
(Case No. 23-10937 (LSS))**

February 1, 2024 through February 29, 2024

Expense Category	Total Expenses
N/A	\$0.00
Grand Total Expenses	\$0.00

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

NVN LIQUIDATION, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10937 (LSS)

Objection Deadline:
April 8, 2024 at 4:00 p.m. (ET)

**MONTHLY FEE APPLICATION OF SMITH, ANDERSON, BLOUNT,
DORSETT, MITCHELL & JERNIGAN, LLP, AS CORPORATE COUNSEL
FOR THE DEBTORS AND DEBTORS IN POSSESSION, FOR ALLOWANCE
OF MONTHLY COMPENSATION AND FOR MONTHLY REIMBURSEMENT
OF ALL ACTUAL AND NECESSARY EXPENSES INCURRED FOR THE
PERIOD FEBRUARY 1, 2024 THROUGH AND INCLUDING FEBRUARY 29,
2024**

Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP (“Smith Anderson”), as corporate counsel for the debtors and debtors in possession in the above-captioned cases (the “Debtors”), submits this application (the “Application”) for monthly allowance of compensation for professional services rendered by Smith Anderson to the Debtors for the period of February 1, 2024 through February 29, 2024 (the “Application Period”) and reimbursement of actual and necessary expenses incurred by Smith Anderson during the Application Period 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”), Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), and the *Order Establishing Procedures for Interim Compensation*

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors’ federal tax identification number (if applicable), are: NVN Liquidation, Inc. (formerly Novan, Inc.) (7682) and EPI Health, LLC (9118). The corporate headquarters and the mailing address for the Debtors is P.O. Box 64, Pittsboro, NC 27312.

and Reimbursement of Expenses of Professionals (D.I. 218) (the “Interim Compensation Procedures Order”). In support of this Application, Smith Anderson represents as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue of these cases and the Application are proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 330 and 331 of the Bankruptcy Code, as supplemented by Bankruptcy Rule 2016, Local Rule 2016-2, the Office of the United States Trustee Guidelines (the “U.S. Trustee Guidelines”), and the Interim Compensation Procedures Order.

BACKGROUND

3. On July 17, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors continue to manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. On July 28, 2023, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an Official Committee of Unsecured Creditors (the “Committee”).

SMITH ANDERSON’S RETENTION

5. Before commencing these chapter 11 cases, the Debtors retained Smith Anderson to provide business, corporate, securities, employment and transactional advice. On August 16, 2023, the Debtors filed the *Debtors’ Application for Entry of an Order Under 11 U.S.C.*

§§ 327(e) and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014(a), and Local Rule 2014-1 Authorizing Retention and Employment of Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP as Corporate Counsel for the Debtors Nunc Pro Tunc to the Petition Date (D.I. 173) (the “Smith Anderson Retention Application”).

6. On September 7, 2023, this Court granted the Smith Anderson Retention Application pursuant to the *Order Pursuant to 11 U.S.C. §§ 327(e) and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014(a), and Local rule 2014-1 Authorizing Retention and Employment of Smith, Anderson, Blount Dorsett, Mitchell & Jernigan, LLP as Corporate Counsel for the Debtors Nunc Pro Tunc to the Petition Date (D.I. 265) (the “Smith Anderson Retention Order”).*

INTERIM COMPENSATION PROCEDURES ORDER

7. The Court entered the Interim Compensation Procedures Order on August 21, 2023. The Interim Compensation Procedures Order sets forth the procedures for interim compensation and reimbursement of expenses for any professionals retained under section 327 and/or 1103 of the Bankruptcy Code in these chapter 11 cases (each a “Professional” and collectively, the “Professionals”).

8. In particular, the Interim Compensation Procedures Order provides that Professionals may file and serve a Monthly Fee Application no earlier than the 15th day of each month following the month for which compensation is sought, for interim approval and allowance of compensation for services rendered and reimbursement of expenses incurred during the immediately preceding month. Parties in interest will have 20 days after the service of a Monthly Fee Application to object to the requested compensation for services rendered and reimbursement of expenses incurred. Provided that there are no objections to such Monthly Fee Application filed

within 20 days after the service of the Monthly Fee Application, the Professional may file a certificate of no objection (the “Certificate of No Objection”) with the Court.

9. Upon the filing of a Certificate of No Objection, the Debtors are authorized to pay such Professional 80 percent of the fees and 100 percent of the expenses requested in such Monthly Fee Application. If a partial objection to the Monthly Fee Application is filed, then the Debtors are authorized to pay 80 percent of the fees and 100 percent of the expenses not subject to an objection.

RELIEF REQUESTED

10. Smith Anderson submits this Application for (a) allowance of reasonable compensation for the actual, reasonable, and necessary professional services that it has rendered as corporate counsel for the Debtors in these cases during the Application Period and (b) reimbursement of actual, reasonable, and necessary expenses incurred by Smith Anderson in representing the Debtors during the Application Period.

11. During the Application Period, Smith Anderson incurred fees in the amount of \$10,440.15. For the same period, Smith Anderson incurred actual, reasonable, and necessary expenses totaling \$0.00. As of the date of this Application, Smith Anderson has received no payments with respect to these amounts.

12. Set forth on the foregoing “Compensation by Project Category” is a summary, by subject matter category, of the time expended by Smith Anderson’s timekeepers billing time to the Debtors’ cases during the Application Period.

13. **Exhibit A** attached hereto contains logs, sorted by case project category, which show the time recorded by professionals, paraprofessionals, and other support staff, as well as descriptions of the services provided.

14. **Exhibit B** attached hereto contains a breakdown of actual, reasonable, and necessary expenses incurred by Smith Anderson during the Application Period.

15. Smith Anderson does not charge for black & white photocopying or printing.

16. Smith Anderson does not charge for outgoing domestic facsimiles or incoming facsimiles.

17. In accordance with Local Rule 2016-2, Smith Anderson has reduced its request for compensation for non-working travel, if any, to 50% of its normal rate.

18. Smith Anderson has endeavored to represent the Debtors in the most expeditious and economical manner possible. Tasks have been assigned to attorneys, paralegals, and other support staff at Smith Anderson so that work has been performed by those most familiar with the particular matter or task and, where attorney or paralegal involvement was required, by the lowest hourly rate professional appropriate for a particular matter. Moreover, Smith Anderson has endeavored to coordinate with the other professionals involved in these cases so as to minimize any duplication of effort and to minimize attorneys' fees and expenses to the Debtors. Smith Anderson believes it has been successful in this regard.

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

20. The undersigned has reviewed the requirements of Local Rule 2016-2 and certifies to the best of his or her information, knowledge, and belief that this Application complies with that Rule.

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WHEREFORE, Smith Anderson respectfully requests that the Debtors pay Smith Anderson \$8,352.12, which is equal to the sum of 80% (\$8,352.12) of Smith Anderson's allowed interim compensation and 100% (\$0.00) of Smith Anderson's allowed expense reimbursement.

Dated: March 19, 2023
Wilmington, Delaware

Respectfully submitted,

/s/ James R. Jolley

**SMITH, ANDERSON, BLOUNT, DORSETT,
MITCHELL & JERNIGAN LLP**

James R. Jolley

150 Fayetteville Street

Raleigh, North Carolina 27601

Telephone: (919) 821-1220

Facsimile: (919) 821-6800

Email: jjolley@smithlaw.com

Corporate Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
NVN Liquidation, Inc., <i>et al.</i> ,)	
f/k/a NOVAN, INC., ¹)	Case No. 23-10937 (LSS)
)	
Debtors.)	(Jointly Administered)
)	
)	<u>Objection Deadline:</u>
)	April 8, 2024, at 4:00 p.m. (ET)

**NOTICE OF MONTHLY FEE APPLICATION OF SMITH, ANDERSON,
BLOUNT, DORSETT, MITCHELL & JERNIGAN, LLP, AS CORPORATE
COUNSEL FOR THE DEBTORS AND DEBTORS IN POSSESSION, FOR
ALLOWANCE OF MONTHLY COMPENSATION AND FOR MONTHLY
REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES
INCURRED FOR THE PERIOD FEBRUARY 1, 2024 THROUGH AND
INCLUDING FEBRUARY 29, 2024**

PLEASE TAKE NOTICE that today, Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP, as corporate counsel for the debtors and debtors in possession in the above-captioned cases, filed the attached *Monthly Fee Application of Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP, as Corporate Counsel for the Debtors and Debtors in Possession, for Allowance of Monthly Compensation and for Monthly Reimbursement of All Actual and Necessary Expenses Incurred for the Period February 1, 2024 Through and Including February 29, 2024* (the “Application”).

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Application, must be: (a) filed with the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, by **April 8, 2024, at 4:00 p.m. (Eastern Time)** (the “Objection Deadline”); and (b) served so as to be received on or before the Objection Deadline by:

- i. the applicant: Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan LLP, 150 Fayetteville Street, Raleigh, North Carolina 27601, Attn: James R. Jolley (jjolley@smithlaw.com);
- ii. counsel to the Debtor: Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, 16th Floor, Wilmington, Delaware 19801, Attn: Derek C. Abbott (dabbott@morrisnichols.com), and Daniel B. Butz (dbutz@morrisnichols.com);

¹ The Debtors in these chapter 11 cases, along with the last four digitals of the Debtors’ federal tax identification number (if applicable), are: NVN Liquidation, Inc., (f/k/a Novan, Inc.) (7682) and EPI Health, LLC (9118). The corporate headquarters and the mailing address for the Debtors is P.O. Box 64, Pittsboro, NC 27312.

- iii. Counsel to the Official Committee of Unsecured Creditors: (a) Womble Bond Dickinson (US) LLP, 950 Third Avenue, Suite 2400 New York, NY 10022, Attn: Donald J. Detweiler (don.detweiler@wbd-us.com), and (b) Goodwin Procter LLP, The New York Times Building 620 Eighth Avenue, New York, NY 10018, Attn: Howard S. Steel (hsteel@goodwinlaw.com); and
- iv. the Office of the United States Trustee: J. Caleb Boggs Federal Building, Room 2207, 844 N. King Street, Wilmington, Delaware 19801, Attn: Linda J. Casey (linda.casey@usdoj.gov).

A HEARING ON THE APPLICATION, IF NECESSARY, WILL BE HELD AT THE CONVENIENCE OF THE COURT AND NOTICE OF ANY SUCH HEARING WILL BE GIVEN ONLY TO THE OBJECTING PARTY OR PARTIES.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED BY THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: March 19, 2024
Wilmington, Delaware

Respectfully submitted,

/s/ Tamara K. Mann

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

Derek C. Abbott (No. 3376)

Daniel B. Butz (No. 4227)

Tamara K. Mann (No. 5643)

Scott D. Jones (No. 6672)

1201 Market Street, 16th Floor

Wilmington, Delaware 19801

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sjones@morrisnichols.com

*Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

**COMPENSATION BY PROJECT CATEGORY
NVN LIQUIDATION, INC.
(Case No. 23-10937 (LSS))
February 1, 2024 through February 29, 2024**

Project Category	Total Hours	Total Fees
Asset Dispositions/363 Sales	11.0	\$5,629.49
Securities	9.4	\$4,810.66
TOTAL	20.4	\$10,440.15

SMITH, ANDERSON, BLOUNT, DORSETT, MITCHELL & JERNIGAN, L.L.P.

P.O. BOX 2611
RALEIGH, NC 27602-2611
FEDERAL TAX ID# 56-0402850
919-821-1220

NVN Liquidation, Inc.
P.O. Box 64
Pittsboro, NC 27312
pbstafford@novan.com

Invoice Date: March 12, 2024
Invoice Num.: 417556
Matter Number: 012219.00026

Client: Novan, Inc.
Matter: Post-Petition Matters

For professional services rendered through February 29, 2024

Currency: USD

Fees 10,440.15

Total Amount Due \$10,440.15

Please Remit to: *Mail To:*
SMITH, ANDERSON, BLOUNT, DORSETT,
MITCHELL & JERNIGAN, L.L.P.
P.O. BOX 2611
RALEIGH, NC 27602-2611

Wire Instructions:
Wells Fargo Bank
420 Montgomery Street San Francisco, CA
ABA Number: 121000248
Swift Code: WFBIUS6S (International)
Account # 2073089721212
(Please Reference Invoice Number)

Client: Novan, Inc.
 Matter: Post-Petition Matters

Invoice Date: March 12, 2024
 Invoice Num.: 417556
 Matter Number: 012219.00026

Time Detail

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>
02/01/2024	Jolley, James R.	Analyze terms of Dermix offer for Cloderm; review and revise letter of intent.	0.50
02/02/2024	Jolley, James R.	Analyze matters related to potential sale of Cloderm; conduct analysis of related assets and any required approvals; prepare form of non-disclosure agreement, prepare form of asset purchase agreement.	3.90
02/05/2024	Jolley, James R.	Review and revise asset purchase agreement based on comments from company; review and revise letter of intent and analyze request from Dermix regarding exclusivity; assist with responses to due diligence requests.	1.90
02/08/2024	Jolley, James R.	Analyze revised draft of Cloderm asset purchase agreement and prepare correspondence with company on the same; coordinate final review and signature on agreement.	0.50
02/09/2024	Jolley, James R.	Review and revise asset purchase agreement based on feedback from buyer; coordinate finalizing and executing documents.	1.00
02/10/2024	Jolley, James R.	Prepare ancillary agreements for Cloderm acquisition; compiled fully executed version of asset purchase agreement.	0.50
02/12/2024	Meade, Olivia N.	Draft Form 8-K reporting effectiveness of plan of liquidation.	0.10
02/12/2024	Jolley, James R.	Review and revise Cloderm sale order.	0.80
02/13/2024	Meade, Olivia N.	Draft Form 8-K reporting effectiveness of plan of liquidation.	1.80
02/13/2024	Jolley, James R.	Coordinate matters related to Form 8-K for effectiveness of the plan of liquidation and other final securities filings.	0.80
02/14/2024	Meade, Olivia N.	Draft Form 8-K reporting effectiveness of plan of liquidation.	1.40
02/14/2024	Jolley, James R.	Analyze matters related to Form 8-K and final securities filings.	1.00
02/15/2024	Meade, Olivia N.	Analyze filing requirements in connection with deregistration of securities and termination of reporting obligations.	0.70
02/15/2024	Jolley, James R.	Coordinate matters related to Cloderm sale, analyze securities-related matters.	1.00
02/16/2024	Jolley, James R.	Review and revise Form 8-K and terminations of registration statements with the SEC.	0.60
02/16/2024	Meade, Olivia N.	Draft post-effective amendments to deregister shares from Forms S-1, S-3 and S-8.	3.20
02/26/2024	Meade, Olivia N.	Review Form 8-K reporting monthly operating reports.	0.70
Total			20.40

Timekeeper Summary

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Jolley, James R.	12.50	556.50	6,956.25

Client: Novan, Inc.
Matter: Post-Petition Matters

Invoice Date: March 12, 2024
Invoice Num.: 417556
Matter Number: 012219.00026

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Meade, Olivia N.	7.90	441.00	3,483.90
Total	20.40		\$10,440.15

EXHIBIT B

EXPENSE SUMMARY

**NVN LIQUIDATION, INC.
(Case No. 23-10937 (LSS))**

February 1, 2024 through February 29, 2024

Expense Category	Total Expenses
N/A	\$0.00
Grand Total Expenses	\$0.00