

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

In re:

Prodigy Investment Holdings, Inc.,¹

Reorganized Debtor.

Chapter 11

Case No. 23-11120 (BLS)

Ref. Docket Nos. 1214 & 1216

**FEE EXAMINER'S FINAL REPORT REGARDING SECOND QUARTERLY
FEE APPLICATION OF PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP**

Rucki Fee Review, LLC ("Rucki Fee Review"), the fee examiner appointed in the above-captioned chapter 11 cases and acting in its capacity as such (the "Fee Examiner"), hereby submits its final report (this "Final Report") regarding the *Second Interim Fee Application of Paul, Weiss, Rifkind, Wharton & Garrison LLP* (the "Second Quarterly Fee Application") [Docket No. 1214, as supplemented by Docket No. 1216] filed by Paul, Weiss, Rifkind, Wharton & Garrison LLP (the "Firm").

BACKGROUND

1. In performance of its fee and expense review procedures and in preparation of its initial report provided to the Firm (the "Initial Report") and this Final Report designed to quantify and present factual data relevant to the requested fees, disbursements and expenses contained in the Second Quarterly Fee Application consistent with its appointment order, Rucki Fee Review reviewed the monthly fee applications filed for the period set forth in

¹ The Reorganized Debtor in this chapter 11 case, along with the last four digits of the Reorganized Debtor's federal tax identification number, is: Prodigy Investments Holdings, Inc. (9565). The location of the Reorganized Debtor's service address is: 3350 Virginia St., 2nd Floor, Miami, FL 33133.



231112024042600000000002

the Second Quarterly Fee Application, including each of the billing and expense entries listed in the exhibits to such monthly fee applications, for compliance with section 330 of the Bankruptcy Code, Bankruptcy Rule 2016 and Local Rule 2016-2, as well as the *U.S. Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330—Appendix A* and the Firm’s retention order. Rucki Fee Review also reviewed for a reasonable effort to comply with the *Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases Effective as of November 1, 2013* (the “Attorney Large Case Guidelines”).

2. Rucki Fee Review did not prepare informal memos related to the fee applications of the Firm, but instead included its issues and questions in its Initial Report provided to the Firm. Rucki Fee Review thereafter conferred with the Firm regarding the Initial Report, and following such conferral includes its recommendations in this Final Report.

DISCUSSION

3. For the compensation period of November 1, 2023 through January 31, 2024, as set forth in the Second Quarterly Fee Application, the Firm seeks interim bankruptcy court approval in the amount of \$9,072,821.00 as actual, reasonable and necessary fees and for expense reimbursement of \$104,668.00.
4. The Firm states that it voluntarily reduced its fee request by over \$465,000.00 during the second quarterly fee period, including a reduction of over \$58,000.00 in fees incurred in connection with preparing fee applications, and a reduction of over \$216,000.00 in fees incurred by timekeepers who billed fewer than five hours in a given calendar month. These

reductions were applied prior to the filing of the Firm's fee applications and without including the fees and expenses being waived, however, so Rucki Fee Review cannot independently verify this reduction amount.

5. Although it examines the matter on a case-by-case basis based on the facts and circumstances of each case and each applicant's role within a case (such as whether a firm is responsible for coordinating filing and scheduling of and hearing on multiple professionals' fee applications) regardless of whether any given threshold is exceeded such that fees below its presumptive threshold may be unreasonable and fees above its presumptive threshold may be reasonable, Rucki Fee Review generally does not consider time spent on fee issues to be presumptively unreasonable where less than 7% of total time has been charged for preparing fee applications and addressing fee issues. It applies these guidelines on a cumulative basis. Through the conclusion of the second quarterly fee period the Firm has charged approximately \$187,774.50 in fees (net of \$5,987.00 in previously agreed reductions on account of such fees) relating to the Firm's fee applications and the fee applications of other debtor professionals on a cumulative basis (all but approximately \$8,198.50 of which relate to the Firm's fee applications). This amounts to just under 1.0% of the Firm's total cumulative fees through the end of the second quarterly fee period, and includes approximately \$73,662.50² in fees not previously considered by the Bankruptcy Court on an interim basis. Subject to the agreed reductions set forth herein (which include \$3,051.00 of the fees considered administrative in nature discussed below), Rucki Fee Review considers these fees reasonable, necessary and appropriate.

² The Firm states a slightly different figure of \$71,991.00 spent on fee application work in the Second Quarterly Fee Application.

6. Subject to the agreed reductions set forth herein, Rucki Fee Review considers the staffing breakdown during the second quarterly fee period (percentage of hours billed by partners, counsel, associates, staff attorneys and paraprofessionals respectively) to be appropriate, as reflected in the Firm's blended hourly rate of \$1,454.00, which is equivalent to a junior or mid-level associate (depending on practice group) at the Firm's current standard hourly rates and compares to \$1,219.50 during the Firm's first quarterly fee period.

7. Further to the Firm's staffing, Rucki Fee Review notes that the Firm utilized 63³ professionals or paraprofessionals to perform its work during the second quarterly fee period, including one staff attorney utilized to perform document review at reduced hourly rates and 13 paraprofessionals (including e-discovery personnel and other non-attorneys). This compares to 80 professionals or paraprofessionals during the first quarterly fee period. Fifteen⁴ of the Firm's personnel billed fewer than 15 hours during the first quarterly fee period (exclusive of persons billing exactly 15.0, 15.1 and 15.3 hours, who were similarly evaluated). Six of those billing under 15 hours were paraprofessionals or other non-attorneys. Rucki Fee Review gives additional scrutiny to time entries of those billing fewer than 15 hours in a quarter to address if the utilization of such particular persons was necessary for the case. After review, however, Rucki Fee Review considers the utilization of these persons to be appropriate other than to request the waiver of three persons utilized by the Firm to perform word processing/formatting of Form 8-Ks with fees of \$3,840.00, \$4,320.00 and \$6,816.00, respectively (\$14,976.00 in the aggregate), which the Firm agreed to in compromise of Rucki Fee Review's request. This number of personnel was

³ This number is stated as 50 in the Second Quarterly Fee Application, which number excludes 13 paraprofessionals.

⁴ This number is stated as nine in the Second Quarterly Fee Application, which number excludes six paraprofessionals.

impacted by the Firm's practice of writing off the time of personnel billing fewer than 5.0 hours in a calendar month.

8. Rucki Fee Review notes that it is customary in cases before the Bankruptcy Court for a "reasonable effort" to comply with the Attorney Large Case Guidelines to include preparation of a budget and staffing plan for each applicable law firm agreed to by the client (debtor or committee). Here, the Firm did prepare a prospective budget and staffing plan for the second quarterly fee period, which is a factor Rucki Fee Review considers in evaluating the staffing and total fees on this matter. The Firm's budgeted fees were \$9,830,137.00 for the second quarterly fee period, meaning the Firm was under its budget by approximately 7.7%. Subject to the agreed reductions set forth herein, Rucki Fee Review considers the Firm's work to be well-coordinated within the Firm and with its fellow professionals. Rucki Fee Review notes that the Firm undertook not only the sale process during the second quarterly fee period, but also work on the plan process that is often delayed until after the initial six months of a chapter 11 case of this size, including the approval of the disclosure statement for the chapter 11 plan that has since become effective. While undertaking all of this work within the first six months of these chapter 11 cases resulted in increased fees during the first and second quarterly fee periods, these efforts ultimately shortened the duration of these chapter 11 cases to just over seven months and thus reduced the overall professional fees incurred in these chapter 11 cases.
9. Local Rule 2016-2 provides in section (d) that all fee applications shall include complete and detailed activity descriptions; each activity description shall include the type of activity, each activity description shall include the participants to the activity; each activity description shall include the subject matter and shall be sufficiently detailed to allow the

bankruptcy court to determine whether all the time, or any portion thereof, is actual, reasonable, and necessary and shall include a time allotment billed in tenths of an hour and not be “lumped” with other entries. Notwithstanding the Local Rule, and consistent with the practice of certain of the Bankruptcy Court’s Judges, Rucki Fee Review does not object to “lumping” where a single timekeeper bills less than 0.5 hours during an entire day in the aggregate (not multiple lumped 0.5 entries).

10. Rucki Fee Review identified certain entries that it considers lumped or otherwise not fully compliant with the Local Rules for reasons such as not identifying the counterparties to e-mail discussions, which is not an uncommon practice. After conferral with the Firm, the Firm has agreed to a reduction of \$15,000.00 on account of these entries in compromise of Rucki Fee Review’s request. For its remaining future fee applications, as with all other firms, Rucki Fee Review has requested the Firm minimize the number of entries that employ phrasing such as “attention to” and “coordinate” which sometimes are vague as to what work was performed (*i.e.*, drafting, reviewing, conferencing, etc.). Rucki Fee Review further requested that preparation time be separately billed from other activity, such as attending calls or hearings, and that the work done to prepare be specified wherever preparation time exceeds 2.0 hours in the aggregate for a given hearing or other event. Likewise, Rucki Fee Review requested the Firm ensure all e-mail correspondence and conferences identify the counterparties to the same and made certain other requests as to future entries.
11. Administrative tasks that are generally not compensable by a non-chapter 11 client or are clerical in nature are not compensable in chapter 11. Rucki Fee Review identified certain

work it considered administrative in nature, and the Firm agreed to a fee reduction of \$3,096.00 on account of these fees in compromise of Rucki Fee Review's request.

12. Rucki Fee Review identified certain conferences, telephone calls or other matters that were billed inconsistently by the respective professionals, and/or conferences where the counterparty to the conversation did not bill an itemized charge for the discussion. Rucki Fee Review acknowledges that the latter can result from a professional intentionally or inadvertently not billing for a conference that actually occurred, or otherwise not being billed. After discussion with the Firm, the Firm has agreed to a reduction of \$45,605.50 on account of these entries, representing the full amount of the difference in the non-matching entries and no reduction for the entries without a corresponding entry, which Rucki Fee Review considers an appropriate compromise.

13. Rucki Fee Review has identified a number of entries where the various subentries did not total the time stated for the entry. In some cases, these underbilled; in other cases, they overbilled. In the aggregate, these entries amounted to a slight underbilling, so no reduction is necessary on account of these entries.

14. In addition to those other matters referenced herein, Rucki Fee Review requested the Firm waive or reduce certain entries for miscellaneous reasons. After discussion with the Firm, the Firm has agreed to a reduction of \$21,953.50 on account of these entries in compromise of Rucki Fee Review's request.

15. With respect to the Firm's expense reimbursement requests, Rucki Fee Review notes that it generally considers the cost of meals in excess of the following guidelines, per person, to be unreasonable: \$25/breakfast, \$35/lunch and \$55/dinner, for Wilmington and all other

U.S. locations, except for New York City and London, \$35/breakfast, \$55/lunch and \$70/dinner; for Washington DC, Chicago, Los Angeles and San Francisco, \$30/breakfast, \$45/lunch and \$65/dinner. With respect to hotel charges, Rucki Fee Review generally considers room charges (inclusive of taxes) in excess of the following rates to be excessive absent satisfactory explanation from an applicant of the justification for exceeding such charges: \$375/Wilmington; \$550/New York City; \$450/Boston and San Francisco; \$400/Washington, DC, Los Angeles, and London; \$325/Chicago, Miami, Philadelphia and Pittsburgh; \$300/Dallas and Houston; \$275/Baltimore and Denver; \$250 for all other U.S. locations.

16. Here, Rucki Fee Review obtained itemized expense detail from the Firm not contained in the filed versions of the Firm's fee applications, and also requested and obtained additional information with respect to certain entries. After review and consideration of the same, Rucki Fee Review identified a small number of meal and lodging charges that exceed the foregoing limitations and certain other charges it considers non-reimbursable overhead or otherwise not appropriate for reimbursement in whole or in part in the aggregate amount of \$28,511.78 and the Firm agreed to reduce its expense reimbursement request in this amount in compromise of Rucki Fee Review's request. To comply with Local Rule 2016-2(e)(iii), Rucki Fee Review also has requested that an itemized listing of expenses be included with all future monthly fee applications. Rucki Fee Review considers the balance of the Firm's expense reimbursement request to be reasonable, necessary and appropriate for reimbursement.
17. After accounting for the agreed fee reductions of \$100,631.00 and expense reductions of \$28,511.78 discussed herein, Rucki Fee Review considers the balance of fees and expenses

sought in the Second Quarterly Fee Application to be reasonable, necessary and appropriate under the circumstances.

CONCLUSION

18. Rucki Fee Review recommends the approval of the Second Quarterly Fee Application in the amount of \$8,972,190.00 with respect to fees and the reimbursement of expenses in the amount of \$76,156.22, which amounts reflect the reductions agreed to with the Firm set forth herein on account of the Second Quarterly Fee Application.

Dated: April 26, 2024
Wilmington, Delaware

Respectfully submitted,

RUCKI FEE REVIEW, LLC
FEE EXAMINER

By: /s/ Justin H. Rucki
Justin H. Rucki
President of Rucki Fee Review, LLC