

**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 & 1217

**FEE EXAMINER'S FINAL REPORT
REGARDING FIRST QUARTERLY FEE APPLICATION OF SLAUGHTER AND MAY**

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 *First Interim Fee Application of Slaughter and May* (the "First Quarterly Fee Application") [Docket No. 1214, as supplemented by Docket No. 1217] filed by Slaughter and May (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 First Quarterly Fee Application consistent with its appointment order, Rucki Fee Review reviewed the monthly fee applications filed for the period set forth in the First Quarterly Fee Application, including each of the billing and expense entries listed

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.



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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 reached a settlement to resolve all of Rucki Fee Review's requests on a comprehensive basis and includes this settlement in its recommendations in this Final Report.

DISCUSSION

3. For the compensation period of October 20, 2023 through January 31, 2024, as set forth in the First Quarterly Fee Application, the Firm seeks interim bankruptcy court approval in the amount of £171,860.50 (approximately \$219,845.55 as of the filing of the Second Quarterly Fee Application) as actual, reasonable and necessary fees and for expense reimbursement of £0.00.
4. 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 first quarterly fee period the Firm has charged approximately £33,337.00 in fees relating to the Firm's fee applications on a cumulative basis. This amounts to approximately 19.4% of the Firm's total cumulative fees through the end of the first quarterly fee period. While Rucki Fee Review considers it reasonable for the Firm's fee application-related fees to exceed 7% for the first quarterly period under the totality of the circumstances (including the Firm's relative unfamiliarity with the American chapter 11 fee application process, the need to provide currency conversions, and the relative size of the Firm's overall fees), Rucki Fee Review still has allocated £11,000.00 of the settlement reached with the Firm to reduce these fees.

5. Rucki Fee Review considers the staffing breakdown during the first quarterly fee period (percentage of hours billed by partners, senior counsel, associates and trainee solicitors, respectively) to be appropriate, as reflected in the Firm's blended hourly rate of £896.51, which is situated between an associate and a senior counsel at the Firm's standard hourly rates.
6. Further to the Firm's staffing, Rucki Fee Review notes that the Firm utilized seven professionals to perform its work during the Firm's first quarterly fee period. This included

one partner, one senior counsel, one associate and four trainee solicitors, with three of the latter billing fewer than 15 hours during the first quarterly fee period. 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 and subject to the agreed reductions set forth herein, however, Rucki Fee Review considers the utilization of these persons to be appropriate.

7. 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 not prepare a prospective budget and staffing plan. Subject to the agreed reductions set forth herein, however, Rucki Fee Review still considers the Firm’s work to be well-coordinated within the Firm and with its fellow professionals.
8. 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).

9. 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, Rucki Fee Review has allocated £1,502.00 of the settlement reached with the Firm to 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.
10. 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 in the amount of £648.00 and after conferral with the Firm has allocated such amount of the settlement reached with the Firm to these entries in compromise of Rucki Fee Review's request.
11. Rucki Fee Review identified one telephone call that was billed inconsistently by the respective professionals, and certain 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, Rucki Fee Review has allocated £594.00 of the settlement reached with the Firm to these entries, representing the full amount of the difference in the non-matching entry and no reduction for the entries without a corresponding entry, which Rucki Fee Review considers an appropriate compromise.

12. In addition to those other matters referenced herein, Rucki Fee Review requested the Firm waive certain other entries totaling £1,255.50 for miscellaneous reasons. After conferral with the Firm, Rucki Fee Review has allocated such amount of the settlement reached with the Firm to these entries in compromise of Rucki Fee Review's request.

13. Rucki Fee Review notes that the Firm's retention order did not provide a clear *nunc pro tunc* retention date, but instead stated only in paragraph 2 thereof that such retention was approved "on the terms and conditions set forth in the Engagement Letter as modified by this Order." The Firm's Engagement Letter was dated October 24, 2023, and reference is also made to this date once in paragraph 12 of the Firm's retention application, but the Firm's retention declaration stated only that the Firm was employed beginning in October 2023 and the First Quarterly Fee Application includes £13,736.00 billed for work billed during the October 20 through October 23, 2023 period. Rucki Fee Review conferred with the Firm to determine whether any of this work constituted non-compensable pre-retention work. After such conferral and obtaining additional evidence from the Firm, however, Rucki Fee Review believes the Firm was retained as special counsel on October 20, 2023 and proceeded in a good-faith basis to begin supplying time-sensitive necessary legal services on such date subject to condition subsequent execution of an engagement letter, which subsequently occurred on October 24, 2023. For this reason, and subject to the

agreed reductions set forth herein, Rucki Fee Review recommends the approval of the £13,736.00 for work billed during the October 20 through October 23, 2023 period.

14. No expense reimbursement is sought in the First Quarterly Fee Application. Accordingly, no discussion of expense reimbursement is necessary.

15. After accounting for the agreed fee reductions of £15,000.00 discussed herein, Rucki Fee Review considers the balance of fees and expenses sought in the First Quarterly Fee Application to be reasonable, necessary and appropriate under the circumstances.

CONCLUSION

16. Rucki Fee Review recommends the approval of the First Quarterly Fee Application in the amount of £156,860.50 with respect to fees and the reimbursement of expenses in the amount of £0.00, which amounts reflect the reductions agreed to with the Firm set forth herein on account of the First 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