

**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 No. 1297

**FEE EXAMINER’S FINAL REPORT REGARDING FINAL
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 *Seventh Monthly and Final Application of Paul, Weiss, Rifkind, Wharton & Garrison LLP, as Counsel to the Debtors and Debtors in Possession, for Allowance of Compensation for Services Rendered and Reimbursement of Expenses Incurred for the Monthly Period from March 1, 2024 through March 13, 2024, and the Final Period from August 7, 2023 through March 13, 2024* (the “Final Fee Application”) [Docket No. 1297] 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

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.



contained in the Final Fee Application consistent with its appointment order, Rucki Fee Review reviewed the Final Fee Application and all fee applications filed by the Firm in these chapter 11 cases, including each of the billing and expense entries listed in the exhibits to such 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”). Certain of the Firm’s fee and expense detail, covering the inception of these chapter 11 cases through January 31, 2024, was previously reviewed by Rucki Fee Review and subject to its reports previously filed on the docket of these chapter 11 cases. This fee and expense detail was not re-reviewed for this Final Report, and the issues raised herein relate to the subsequent fee period except to the extent this Final Report expressly addresses matters relating to the entire final fee period on a cumulative basis.

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 August 7, 2023 through March 13, 2024, as set forth in the Final Fee Application, the Firm seeks final bankruptcy court approval in the amount of

\$20,731,511.00 as actual, reasonable and necessary fees and for expense reimbursement of \$132,538.52. This includes \$1,619,498.00 in fees and \$10,328.85 in expenses that were not previously subject to a report by Rucki Fee Review, and accounts for the \$258,035.00 of fee reductions and \$39,598.48 of expense reductions previously agreed to with Rucki Fee Review.

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 entirety of the final fee period the Firm has charged approximately \$257,613.00² in fees (net of \$9,038.00 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 \$9,630.50 of which relate to the Firm's fee applications). This amounts to approximately 1.2% of the Firm's total cumulative fees through the end of the final fee period, and includes approximately \$72,889.50 in fees not previously considered by the Bankruptcy Court on an interim basis (all but approximately \$1,432.00 of which relate to the Firm's

² The Final Fee Application states a higher figure, primarily due to the discrepancy noted in Rucki Fee Review's report with respect to the Firm's first quarterly fee application.

fee applications). Subject to the agreed reductions set forth herein (which include all of the \$10,617.50 in fees considered administrative in nature below and \$220.50 of the inconsistent discussion time reductions), Rucki Fee Review considers these fees reasonable, necessary and appropriate.

5. Subject to its prior agreed reductions and the agreed reductions set forth herein, Rucki Fee Review considers the staffing breakdown during the entirety of the final fee period (percentage of hours billed by partners, counsel, associates and paraprofessionals, respectively) to be appropriate, and also considers it appropriate for the period of February 1-March 13, 2024 not previously subject to a report by Rucki Fee Review. The Firm's blended hourly rate during the entirety of the final fee period was \$1,324.40 (prior to the application of reductions), which blended rate is equivalent to a junior or mid-level associate at the Firm's current hourly rates (depending on practice group). The Firm's blended hourly rate during the period of February 1-March 13, 2024 not previously subject to a report by Rucki Fee Review was similar at \$1,390.60 per hour and compares to \$1,219.50 during the Firm's first quarterly fee period and \$1,454.00 during the Firm's second quarterly fee period.
6. Rucki Fee Review gives additional scrutiny to time entries of those billing fewer than 15 hours in an interim fee period to address if the utilization of such particular persons was necessary for the case. Rucki Fee Review identified 21 persons who billed fewer than 15 hours during the fee period of February 1-March 13, 2024 not previously subject to a report by Rucki Fee Review. Ten of those billing under 15 hours were paraprofessionals or other non-attorneys. Many of the persons billing under 15 hours performed larger amounts of work in the first two quarterly fee periods, and Rucki Fee Review notes the last interim

period was a partial period. After review, however, Rucki Fee Review considers the utilization of these persons to be appropriate other than to request the waiver of two persons utilized by the Firm to perform word processing/formatting of securities filings with fees of \$2,160.00 and \$2,112.00 respectively (\$4,272.00 in the aggregate), which the Firm agreed to in compromise of Rucki Fee Review's request. This number of personnel was impacted by the Firm's practice of writing off the time of personnel billing fewer than 5.0 hours in a calendar month (though this was not done in the partial 13-day March monthly period). All other persons billing fewer than 15 hours in an interim fee period were addressed in Rucki Fee Review's prior reports filed on the docket in these chapter 11 cases.

7. With respect to the size of the team utilized by the Firm: 38 persons were utilized by the Firm during the fee period of February 1-March 13, 2024 (which compares to 80 during the Firm's first quarterly fee period and 63 during the Firm's second quarterly fee period).³ Twelve of these 38 persons were paraprofessionals or other non-attorneys. Subject to the agreed reductions set forth herein, Rucki Fee Review considers this appropriate in light of the work required of the Firm during the fee period between February 1, 2024 and March 13, 2024, and believes the Firm's work was well-coordinated with the debtors' fellow professionals.

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). With respect to the Firm's third quarterly fee period (February 1-

³ As noted in Rucki Fee Review's prior quarterly reports, these numbers differ from the numbers stated in the Firm's interim fee applications, where the Firm excludes paraprofessionals from the stated numbers.

March 13, 2024), the Firm did not attach a budget and staffing plan for this period to the Final Fee Application, instead presenting a cumulative budget and staffing plan with cumulative variance. Based on the amounts of the prior quarterly budgets, the incremental budgeted fees for the Firm's third quarterly period were \$4,645,010.00, meaning the Firm was under its incremental budget by approximately 65.1%, which is a factor Rucki Fee Review considers in evaluating the staffing and total fees on this matter.

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 \$1,800.00 on account of these entries in compromise of Rucki Fee Review's request.

11. Administrative tasks that are generally not compensable by a non-chapter 11 client or are secretarial 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 \$10,617.50 on account of these fees in compromise of Rucki Fee Review's request, all of which relate to work on fee applications or fee-related issues.
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 \$3,772.00 (\$220.50 of which relate to fee-related work) 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. Local Rule 2016-2(d)(ix) requires that non-working travel be billed at half-rate or half-time. Rucki Fee Review identified one set of non-working travel entries that inadvertently were not billed at half-time or half-rate, and the Firm has agreed to a fee reduction of \$14,045.75 to reduce all of these entries by 50% in order to ensure compliance with the Local Rule.
14. 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 net overbilling of \$6,640.00, and the Firm agreed to a fee reduction in this amount in compromise of Rucki Fee Review's request.

15. In addition to those other matters referenced herein, Rucki Fee Review requested the Firm waive certain fees for miscellaneous reasons. After discussion with the Firm, the Firm has agreed to a reduction of \$441.00 on account of these fees in compromise of Rucki Fee Review's request.

16. The Final Fee Application seeks reimbursement of \$10,328.85 in expenses not previously subject to a report by Rucki Fee Review. 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.

17. 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 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 \$1,212.89 and the Firm agreed to reduce its expense reimbursement request in this amount in compromise of Rucki Fee Review's request. Rucki Fee Review considers the balance of the Firm's incremental expense reimbursement request for the February 1-March 13, 2024 period to be reasonable, necessary and appropriate for reimbursement, and the balance of the Firm's final expense reimbursement request from prior fee periods was previously addressed by Rucki Fee Review in its prior reports filed on the docket of these chapter 11 cases. To comply with Local Rule 2016-2(e)(iii), Rucki Fee Review also requests that an itemized listing of the Firm's expenses for the February 1-March 13 period be filed on the docket of the chapter 11 cases prior to the Bankruptcy Court's consideration of the final fee order, along with such detail for the second quarterly fee period that appears to have inadvertently never been filed (the first quarterly expense detail was filed on February 20, 2024 at Docket No. 1086).

18. After accounting for the agreed fee reductions of \$41,588.25 and expense reductions of \$1,212.89 noted above, Rucki Fee Review considers the balance of the fees and expenses sought in the Final Fee Application reasonable, necessary and appropriate under the circumstances,

CONCLUSION

19. Rucki Fee Review recommends the approval of the Final Fee Application in the amount of \$20,689,922.75 with respect to fees and the reimbursement of expenses in the amount of \$131,325.63, which amounts reflect the reductions agreed to with the Firm set forth herein.

Dated: May 30, 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