

**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. 1294

**FEE EXAMINER'S FINAL REPORT REGARDING
FINAL FEE APPLICATION OF MORRIS JAMES 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 *Final Application of Morris James LLP, as Delaware Counsel to the Official Committee of Unsecured Creditors, for Allowance of Compensation and Reimbursement of Expenses for the Period from August 26, 2023 through March 13, 2024* (the "Final Fee Application") [Docket No. 1294] filed by Morris James 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 Final Fee Application consistent with its appointment order, Rucki Fee

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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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 26, 2023 through March 13, 2024, as set forth in the Final Fee Application, the Firm seeks final bankruptcy court approval in the amount of

\$272,273.00 as actual, reasonable and necessary pre-effective date fees and for pre-effective date expense reimbursement of \$1,860.24. This includes \$47,853.50 in pre-effective date fees and \$200.69 in pre-effective date expenses that were not previously subject to a report by Rucki Fee Review, and accounts for the \$3,971.00 of fee reductions previously agreed to with Rucki Fee Review. The Final Fee Application also seeks an additional \$20,000.00 in estimated post-effective date fees and \$500.00 in estimated post-effective date expenses for fee application-related issues through and including the final fee hearing, though states in the Final Fee Application that these estimated amounts will be reduced to actual amounts if lower, or waived to the extent in excess of these estimated amounts.

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 \$33,213.50 in fees relating to the Firm's fee applications and the fee applications of other committee professionals on a cumulative basis (net of \$785.00 of previously agreed reductions on account of these fees), including the review and filing of committee professionals' fee applications in its capacity as Delaware counsel. This

includes approximately \$10,091.00 not previously considered by the Bankruptcy Court on an interim basis and amounts to approximately 12.2% of the Firm's total cumulative fees through the entirety of the final fee period, but less than one-third of these incremental fees are exclusively on account of the Firm's own fee applications. Notwithstanding that these fees exceed 7% owing to the Firm's limited role in these chapter 11 cases relative to its obligations to file fee applications and related pleadings on account of its fellow professionals, Rucki Fee Review considers these fees reasonable, necessary and appropriate subject to the agreed reductions set forth herein (all of which are on account of fee-related issues).

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 \$644.38 (prior to the application of reductions), which blended rate is equivalent to a senior associate at the Firm's current hourly rates. 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 \$649.30 per hour and compares to \$648.28 during the Firm's first quarterly fee period and \$639.28 during the Firm's second quarterly fee period. Moreover, the billing rates of the Firm's counsel and certain partners are less than that of associates at many firms with comparable chapter 11 experience, allowing for a heavier utilization of counsel and

partners (as was done by the Firm, though positively offset in terms of average rates by the utilization of paraprofessionals).

6. With respect to the size of the team utilized by the Firm: six persons (three attorneys and three paraprofessionals) were utilized by the Firm during the fee period of February 1-March 13, 2024 (which compares to seven during each of the Firm's first quarterly fee period and the Firm's second quarterly fee period). 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 and March 13, 2024, and believes the Firm's work was well-coordinated with the committee's fellow professionals. 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. Here, however, all but one attorney billed under 15.0 hours during the February 1-March 13, 2024 period due to the limited nature of the Firm's work. After review of these entries and subject to the agreed reductions set forth herein, Rucki Fee Review considers the utilization of each of these persons to be reasonable, necessary and appropriate. 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. 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, 2024-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 \$52,000.00, meaning the Firm was under its incremental budget by approximately 9.2% even before consideration of prior quarterly unused budget amounts, which is a factor Rucki Fee Review considers in evaluating the staffing and total fees on this matter.

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 a *de minimis* number of 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. No reduction is recommended on account of these entries.
10. 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 \$280.50 on account of these fees in compromise of Rucki Fee Review's request, all of which relate to fee-related issues.

11. In addition to those other matters referenced herein, Rucki Fee Review requested the Firm reduce one entry relating to fee issues in the amount of \$316.00, which the Firm agreed to in compromise of Rucki Fee Review's request.

12. The Final Fee Application seeks reimbursement of \$200.69 in pre-effective date expenses not previously subject to a report by Rucki Fee Review for the period from February 1-March 13, 2024. 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.

13. Here, the Firm's incremental expenses contain no lodging charges and the one meal charge complies with the foregoing limitations. Rucki Fee Review considers this charge and the remainder of the Firm's incremental pre-effective date expenses to be reasonable, necessary

and appropriate as requested. The balance of the Firm's final pre-effective date expense reimbursement request was previously addressed by Rucki Fee Review in its prior reports filed on the docket of these chapter 11 cases.

14. With respect to the \$20,000.00 in estimated fees and \$500.00 in estimated expenses requested for fees and expenses incurred after the effective date in these chapter 11 cases for work on account of the Final Fee Application and other final fee issues of committee professionals through the final fee hearing: Rucki Fee Review notes that the chapter 11 plan in these cases expressly contemplates that the official committees in these chapter 11 cases would remain in existence after the effective date for the limited purpose of prosecuting final fee applications. Because the review of post-effective date fees and expenses are beyond the scope of Rucki Fee Review's mandate, however, Rucki Fee Review makes no objection or recommendation with respect to these post-effective date fees. For the convenience of the Bankruptcy Court and to allow it make a proper determination regarding the Firm's estimated fees, however, Rucki Fee Review requests the Firm file time records supporting these fees once such fees are being considered by the Bankruptcy Court and the waiver of any unused portion of the estimate at that time (or, alternatively, the waiver of these fees from the Final Fee Application without prejudice to the rights of the Firm to instead directly invoice the distribution trust established in these chapter 11 cases for such fees without the need for a fee application).

15. After accounting for the agreed fee reductions of \$596.50 noted above, Rucki Fee Review considers the balance of the pre-effective date fees and expenses sought in the Final Fee Application reasonable, necessary and appropriate under the circumstances (and as noted

above, makes no objection or recommendation on account of post-effective date fees and expenses).

CONCLUSION

16. Rucki Fee Review recommends the approval of the Final Fee Application in the amount of \$271,676.50 with respect to pre-effective date fees and the reimbursement of pre-effective date expenses in the amount of \$1,860.24, which amounts reflect the reductions agreed to with the Firm set forth herein. Because post-effective date fees and expenses are outside the scope of its mandate, Rucki Fee Review makes no recommendation or objection to the post-effective date fees and expenses requested by the Firm in connection with the Final Fee Application and the final fee applications of other committee professionals other than to request the filing of invoice detail supporting the \$20,000.00 of estimated post-effective date fees and \$500.00 of estimated post-effective date expenses and the waiver of any unbilled portion thereof. The total requested post-effective date fees and post-effective date expenses would increase the Firm's fees to be approved on a final basis to \$291,676.50 and expenses to be approved on a final basis to \$2,360.24 if approved by the Bankruptcy Court in full.

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