

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
:
GOLDEN BOOKS FAMILY ENTERTAINMENT, :
INC., et al., : Case Nos. 99 B 10030
:
Debtors. : through 99 B 10032 (TLB)
:
: (Jointly Administered)
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APPLICATION OF WILLKIE FARR & GALLAGHER, AS
SPECIAL ENVIRONMENTAL COUNSEL TO GOLDEN BOOKS
PUBLISHING, INC. FOR FINAL ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED

TO THE HONORABLE TINA L. BROZMAN,
CHIEF UNITED STATES BANKRUPTCY JUDGE:

Willkie Farr & Gallagher ("WF&G") special environmental
counsel for the above-captioned debtors and debtors in possession
(the "Debtors"), as and for its application (the "Application")
for final allowance of compensation for professional services
rendered and reimbursement of expenses incurred from July 22,
1999 through September 1, 1999, inclusive (the "Application
Period"), respectfully represents:

INTRODUCTION

1. On February 26, 1999 (the "Petition Date"), the
Debtors filed voluntary petitions for relief under chapter 11 of
title 11 of the United States Code (the "Bankruptcy Code").
After the commencement of their chapter 11 cases, the Debtors
continued in possession of their respective properties and in the
management and operation of their respective businesses as

debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. On September 1, 1999, this Court approved the Debtors' Amended Joint Plan of Reorganization (the "Plan"), subject to certain changes to be made to the proposed form of order confirming the Plan.

3. Prior to the Petition Date, since July 1996, WF&G represented Golden Books Publishing Company, Inc. ("GBP"), in judicial and administrative actions arising out of the Hertel Landfill Superfund Site in Ulster County, New York (the "Site") brought pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9601 et seq.

4. After the commencement of the Debtors' cases, the Debtors requested that WF&G consent to its retention, pursuant to section 327 of the Bankruptcy Code, as the Debtors' special environmental counsel in connection with the Site. WF&G is representing Golden Press Holdings, LLC ("GPH") (a creditor and shareholder of the Debtors), however, in the Debtors' chapter 11 cases. While WF&G agreed with the Debtors that a concurrent representation by WF&G of both GPH and the Debtors presented no actual or apparent conflict of interest to WF&G, WF&G was unwilling to be retained by the Debtors if the United States Trustee for the Southern District of New York (the "U.S. Trustee") intended to object to such retention.

5. After extensive discussions among the Debtors, WF&G, and the U.S. Trustee, the U.S. Trustee agreed that it would not object to the Debtors retention of WF&G as special environmental counsel, provided that WF&G's fees and expenses from the date of its retention through the date of the confirmation of the Plan would not exceed \$25,000, subject to the Debtors and/or WF&G's right to subsequently request an increase in such amount.¹ On July 22, 1999, the Court entered an order approving WF&G's retention by the Debtors pursuant to section 327 of the Bankruptcy Code and consistent with the terms negotiated among WF&G, the Debtors, and the U.S. Trustee.

THE APPLICATION

6. By this Application and pursuant to sections 330 and 331 of the Bankruptcy Code, and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), WF&G requests that this Court authorize: (a) the final allowance of compensation for professional services WF&G rendered during the Application Period for the Debtor in the amount of \$12,580.50; and (b) the reimbursement of actual and necessary expenses WF&G incurred in connection with the rendition of such professional services for the Debtor in the amount of \$380.48.

¹ Pursuant to its understanding with the U.S. Trustee, WF&G has agreed to waive its outstanding prepetition claims against the Debtors, as well as its postpetition fees and expenses incurred prior to July 22, 1999, in an aggregate amount in excess of \$30,000. WF&G also has not billed the Debtor for any non-working travel time.

7. The professional services and related expenses for which WF&G requests the allowance of compensation and reimbursement of expenses were rendered and incurred in discharge of WF&G's professional responsibilities as special environmental counsel for the Debtor. WF&G's services have been substantial, necessary, and beneficial to the Debtors and their estates, creditors, and other parties in interest.

8. As set forth in the declaration of Steven M. Oster, Esq., annexed hereto as Exhibit "A": (a) WF&G has not received any promise of payment for the services rendered in these cases other than as disclosed herein or at the time of WF&G's retention; and (b) no agreement or understanding exists between WF&G and any other entity for the sharing of compensation WF&G receives in these cases.

9. WF&G maintains written records of the time expended by attorneys and paraprofessionals in the rendition of professional services to the Debtor. Such time records are made contemporaneously with the rendition of services by the person rendering such services. A copy of the daily time records for the Application Period, allocated by matter listing the name of the attorney or paraprofessional, the date on which the services were performed, and the amount of time spent in performing the services, is annexed as Exhibit "B" hereto.

10. WF&G also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the

rendition of services. A schedule of the categories of expenses and amounts for which reimbursement is requested is annexed as Exhibit "C" hereto. All expenses billed in connection with these cases have been billed in compliance with the procedural guidelines adopted by the Executive Office for United States Trustees.

GENERAL DESCRIPTION OF SERVICES RENDERED

11. During the time period in which WF&G was retained as special counsel for Debtors, WF&G performed the following services: (1) negotiation and drafting of a settlement agreement and letter of credit with the landfill operators, preparation of correspondence and other documents related to the settlement; (2) discussions with consultants regarding landfill technical issues; and (3) discussions with counsel for the United States Environmental Protection Agency regarding Consent Decree issues and preparation of correspondence to the government concerning Consent Decree issues. The specific details of WF&G's services are reflected in WF&G's annexed time records.

DISBURSEMENTS

12. WF&G incurred actual and necessary out-of-pocket expenses during the Application Period in connection with the rendition of the professional services described above in the amounts set forth in Exhibit "C". By this Application, WF&G respectfully requests reimbursement of such amounts in full.

13. The disbursements for which WF&G seeks reimbursement include the following:

- a. Duplicating - charged at \$.15 per page. The charge per page includes a charge for maintaining the duplicating facilities;
- b. Telecommunications - long distance calls are billed at actual cost. Outgoing facsimile transmittals are billed at \$.75 per page; there is no charge for incoming facsimiles;
- c. Overtime expense - WF&G's practice is to allow any professional working later than 8:00 p.m. to charge a meal to the appropriate client. The meal charge is limited to \$20 per professional; and
- d. Local car service - WF&G's practice is to allow legal assistants, secretaries and attorneys to charge car service to the appropriate client after 8:00 p.m.

CONCLUSION

WHEREFORE, WF&G respectfully requests that this Court enter an order awarding WF&G:

(a) compensation from the Debtors for services rendered from July 22, 1999 through September 1, 1999, inclusive, in the amount of \$12,580.50;

(b) reimbursement of actual, necessary expenses incurred in connection with the rendition of such services, in the amount of \$380.48; and

(c) such other and further relief as may be just.

Dated: New York, New York
September 24, 1999

WILLKIE FARR & GALLAGHER
Special Environmental Counsel
to the Debtors

By: /s/ Marc Abrams
Marc Abrams (MA-0735)
(A Member of the Firm)

787 Seventh Avenue
New York, New York 10022
(212) 728-8000