

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

In re:	:	Chapter 11
	:	
ADVANTA CORP., et al.,	:	Case No. 09-13931 (KJC)
	:	
Debtors.	:	(Jointly Administered)

**FEE AUDITOR’S FINAL REPORT REGARDING THE THIRD INTERIM
FEE APPLICATION OF WEIL GOTSHAL & MANGES LLP**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Third Interim Fee Application of Weil Gotshal & Manges LLP (the “Application”).

BACKGROUND

1. Weil, Gotshal & Manges LLP (“Weil”) was retained as counsel to the Debtors and Debtors-in-Possession. In the Application, Weil seeks approval of fees totaling \$2,155,646.25 and expenses totaling \$260,574.08 for its services from August 1, 2010 through November 30, 2010 (the “Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2011, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the

District of Delaware, and the Third Circuit Court of Appeals. Based on our review, we served an initial report on Weil, and we received a response from Weil, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted several instances in which multiple Weil professionals attended the same depositions and witness preparation sessions. See Exhibit "A." We asked Weil to explain why it was necessary for each attorney to be present at these depositions and preparation sessions, and Weil's response is included as Response Exhibit "1." We accept Weil's response and have no objection to these fees.

4. We noted several instances in which multiple Weil professionals attended the same meetings or conferences. See Exhibit "B." Paragraph II.D.5. of the U.S. Trustee Guidelines provides: "If more than one professional from the applicant firm attends a hearing or conference, the applicant should explain the need for multiple attendees." We asked Weil to explain why it was necessary for each attorney to be present at these meetings and conferences, and Weil's response is included as Response Exhibit "2." We appreciate Weil's proffered reductions of \$3,168.00 and concur with same. Thus, we recommend a reduction of \$3,168.00 in fees.

5. We noted two instances in which multiple Weil attorneys attended hearings. See Exhibit "C." In light of the Guideline cited above, we asked Weil to explain why it was necessary for each attorney to attend these hearings, and Weil's response is included as Response Exhibit "3." We appreciate Weil's proffered reductions of \$978.50 and concur with same. Thus, we recommend a reduction of \$978.50 in fees.

6. We noted that on August 10, 2010, attorneys Richard L. Levine (\$885), Stuart J.

Goldring (\$990), and Robert J. Lemons (\$780) attended a mediation. The total time spent was 27.7 hours, for total fees of \$23,664.00.

8/10/10	Levine, Richard L.	8.5	6,630.00	.....; attend mediation (8.5);.....
8/10/10	Goldring, Stuart J.	9.8	9,702.00	attend MEDIATION WITH JUDGE DRAIN.
8/10/10	Lemons, Robert J.	9.4	7,332.00	Prepare for and attend mediation of tax return litigation.

We asked Weil to explain why it was necessary for each attorney to attend the mediation, and Weil responded as follows:

The mediation held on August 10, 2010 related to the FDIC Litigation and was a critical element in settling the FDIC Litigation. The Court recommended that the parties mediate the dispute to try to avoid a costly trial. Although the mediation did not result in an immediate settlement, it was instrumental in the settlement that was reached within a week of the mediation. The settlement saved the Debtors' estate the costs and risks associated with continuing the litigation through trial, which could have resulted in up to more than \$100 million in additional claims. Like the FDIC Litigation itself, the mediation concerned complex tax, litigation and bankruptcy issues. It was therefore necessary for Mr. Goldring (partner, Tax Department), Mr. Lemons (partner, BFR), and Mr. Levine (partner, Litigation Department) to attend the mediation session. The fees for the mediation should therefore be allowed in the amount of \$23,664.00.

We accept Weil's response and have no objection to these fees.

7. We noted several time entries in which there was a discrepancy between the amount of time billed and the amount of time recorded within the work description. See Exhibit "D." We asked Weil about these discrepancies, and Weil responded:

While Weil does not agree that these amounts necessarily include overcharges (instead, they are likely mathematical errors in the description), in light of the relatively small amounts that the Fee Auditor references in paragraph 7 to the Initial Report, Weil agrees to reduce its fees by \$593.00.

We appreciate Weil's response and recommend a reduction of \$593.00 in fees.

8. We noted the following time entry which included non-working travel time billed at

the full hourly rate:

08/14/10	Schmoller, Christopher	9.70	2,813.00	Review logistics and attend calls re: same and travel for same
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Pursuant to Local Rule 2016-2(d)(viii): “Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates.” In response to our inquiry, Weil stated: “For Chris Schmoller, 6.7 hours billed on August 14, 2010 is attributed to nonworking travel.” We appreciate Weil’s response and recommend that the fees billed for this 6.7 hours of travel time (\$1,943.00) be reduced by 50%, for a reduction of \$971.50 in fees.

9. Ordinarily, we do not question late night or “overtime” meal and transportation charges unless the professional incurring the charge recorded less than three hours of work on the case on the date the charge was incurred. However, we noted the following late night meal charges incurred on dates when the professional recorded minimal or no time to the case:

8/23/10	16141622	\$11.48	08/02/2010 Dinner Priya Ghodasara Business Finance & Restructuring - Paralegal	1.7 hrs
8/31/10	16166954	\$32.37	Seamless Web meals ordered on 08/25/10 at 19:17 Pohl, Joshua	1.1 hrs
8/23/10	16142705	\$6.03	08/17/2010 Dinner Max Goodman Tax	1.7 hrs
8/31/10	16169235	\$7.00	08/25/2010 Dinner Max Goodman Tax	1.7 hrs
09/28/10	16202922	\$8.69	Goodman, Max A. Attorney Meals 09/02/2010 Dinner Max Goodman Tax	1.6 hrs
10/19/10	16256992	19.93	Vaishnav, Neil H. Attorney Meals . . . Dinner 10/6/10	0.0 hrs
		\$85.50		

Similarly, we noted the following late night transportation charges incurred on dates when the

professional recorded minimal or no time to the case:

09/13/10	16177411	9.00	Levine, Richard L. Local Transportation . . . Taxi Home, 8/18/10	1.9 hrs
09/21/10	16233653	83.38	Casoria, Generosa Skyline - Support Staff . . . Robert Condon . . . Ride Date: 2010-07-26 From: M 767 5 Ave To: M 355 1 Ave Ride Time: 22.12	0.0 hrs
10/15/10	16281215	22.07	Casoria, Generosa Skyline - Support Staff . . . Robert Condon . . . Ride Date: 2010-07-29 From: 767 Fifth Av M To: Manhattan Ride Time: 22:06	0.0 hrs
		\$114.45		

We asked Weil to explain why the estate should reimburse these expenses, and Weil responded:

As a matter of policy, Weil does not agree that an attorney is only eligible for reimbursement for the cost of dinner or transportation if he or she has worked on a matter for three hours or more. There are circumstances when an emergency will arise in a particular matter that will require an attorney to begin work for a client in the evening. Consequently, the attorney may be forced to eat dinner at the office and travel home at 8:30 p.m. or later. In these circumstances, Weil believes that, if an attorney has to stay in the office during the evening to work on a particular client's case, such client should be billed for the attorney's meal and/or transportation costs, regardless of how many hours the attorney billed to that particular client for the day. However, in light of the relatively small amounts that the Fee Auditor references in... the Initial Report, Weil agrees to reduce its expenses for the Third Interim Period by \$199.95.

We appreciate Weil's response and recommend a reduction of \$199.95 in expenses.

10. We noted the following meal expense for which more information was needed:

09/08/10	Cox, Christopher Domestic Travel - Meals . . . Dinner Aug 11 2010 - Meetings in New York August 9-13, 2010 with experts; defend Merle Erickson deposition, prepare for and defend Norm Strauss for deposition; trial preparation meetings with team - Merle Erickson, Scott M. Litvinoff	16173096	344.78
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Weil provided the following information in response to our request:

Mr. Cox (partner, Litigation Department) and Mr. Litvinoff (associate, Litigation Department) held this meeting with two of the Debtors' expert witnesses, Mr. Erikson and Mr. Strauss. The meeting was held to discuss the defense of the expert witness depositions and preparation for trial. There were four people in attendance at this meeting for which dinner was ordered and the total cost was \$344.78. Weil agrees to reduce this expense to \$35 per person, thus resulting in an expense reduction of \$204.88.

We appreciate Weil's response and recommend a reduction of \$204.88 in expenses.

11. We noted the following expenses for word processing:

08/19/10	Ganesh, Jennifer N. Document Processing	16133251	152.00
09/02/10	Ganesh, Jennifer N. Document Processing	16215615	170.80
09/02/10	Ganesh, Jennifer N. Document Processing	16215616	108.00
			430.80

Word processing expenses are classified as nonreimbursable overhead under the U.S. Trustee Guidelines, Paragraph II.E.7: "Overhead includes word processing, proofreading, secretarial and other clerical services...." We asked Weil to explain why the estate should reimburse these expenses, and Weil responded:

Weil has reviewed the Fee Auditor's comments regarding the expenses billed for word processing during the Third Interim Period and agrees to reduce its requested fees for the Third Interim Period by \$430.80.

We appreciate Weil's response and recommend a reduction of \$430.80 in expenses.

12. We noted the following travel expenses for which more information was needed:

08/03/10	Cox, Christopher Travel Room and Tax Jul 25, 2010 - ABC v. Advanta Team meetings in NYO on 7/26/10 re expert reports, depositions and trial preparation - from/to: train/hotel	16104875	945.66
08/19/10	Cox, Christopher Travel Room and Tax Aug 06, 2010 - Meeting with experts, preparation of expert reports, prepare for Ken Goldman deposition in New York August 1 to August 6, 2010	16133413	2,364.15
09/08/10	Cox, Christopher Travel. . . . Room and Tax Aug 14, 2010 - Meetings in New York August 9-13, 2010 with experts; defend Merle Erickson deposition, prepare for and defend Norm Strauss for deposition; trial preparation meetings with team.	16173095	2,088.73
11/18/10	Meyer, Bruce S. Travel Room and Tax Nov 16, 2010 - Court Hearing	16333180	548.50

In response to our request, Weil provided an itemization of these charges. See Response Exhibit “4.” We accept Weil’s response and have no objection to these expenses.¹

13. We noted the following car service charges for which more information was needed:

08/18/10	Schmoller, Christopher Travel Taxi/Car Service Aug 14, 2010 - Trial - From/To: Airport/Home	16131025	100.00
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¹The du Pont Hotel charge for the Wilmington stay exceeds our recommended trigger rate of \$250.00 for Wilmington. However, we make an exception for the Hotel du Pont because of its close proximity to the court house and the limited selection of comparable hotels in downtown Wilmington. The Hotel du Pont is currently not rated by the Expedia travel website, but is rated a four-star hotel on the Travelocity website.

09/08/10	Cox, Christopher Travel . . . Taxi/Car Service Aug 09, 2010 - Meetings in New York August 9-13, 2010 with experts; defend Merle Erickson deposition, prepare for and defend Norm Strauss for deposition; trial preparation meetings with team. From/To: JFK/Hotel	16173092	60.00
09/10/10	Kau, Gregory L. Skyline Taxi - Legal From: EWR Newark Airport To: M 3 92 St Ride Time: 23:22	16180858	81.05
10/11/10	Gdanski, Phillip Taxi Service - Support Staff . . . Ride Date: 2010-08-13 From: NY Manhattan 767 5 Ave To: De Dover Ride Time 13:30	16264782	428.38

Weil's response concerning these charges is included as Response Exhibit "5." We accept Weil's response² and have no objection to these charges.

14. We noted total charges of \$26,122.92 for computerized research. We asked Weil to confirm that these charges were billed at or below the firm's actual cost.³ Weil responded:

Weil believes that it does not make a profit on computerized research as a whole, although the cost of any particular search is difficult to ascertain.

Weil subsequently stated as follows:

Computerized research done on behalf of the Debtors by Weil was done at cost, including passing through discounts to the extent provided to Weil by the research provider.

We accept Weil's response and have no objection to these expenses.

²We accept Weil's explanation for the use of a car service for the Kau and Gdanski charges. Although it does not appear to us that the response demonstrates the necessity of a car service for the trips taken by Messrs. Schmolter and Cox, we calculate the cost of a taxi for both trips (including tips and tolls) to be approximately equal or slightly more than the car service charges billed.

³Local Rule 2016-2(e)(iii) provides that charges for "computer-assisted legal research . . . shall not be more than actual cost. . ."

15. We noted the following charge for outside consultant fees:

08/30/10	WGM, Firm Outside Consultant Fees Vendor: Iris Data Services, LLV Invoice#: 10024080004 Date: 7/31/2010 Various Consultants - Document Review Services	16157666	\$157,157.45
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In response to our request, Weil provided us with a copy of the itemized statement for these services.

See Response Exhibit "6." In addition, Weil stated as follows:

Iris Data Services conducted document review of documents related to the FDIC Litigation. In response to FDIC's document request, over five million Debtor documents had to be reviewed on an expedited basis to determine which documents were responsive to FDIC's document request. Due to the size of the documents that needed to be reviewed and the time constraints under which review needed to take place, it was necessary (and cost-effective) to retain Iris Data Service to assist in reviewing the documents. Among other things, the FDIC requests called for Advanta to produce all (i) documents and communications regarding the tax sharing agreement (the "TSA") between Advanta and its subsidiaries (including documents related to drafting, negotiating, and performance of the TSA); (ii) tax returns and requests for extensions filed with the Internal Revenue Service by Advanta on behalf of the Debtors and all documents and communications related to the same; (iii) documents and communications concerning payments made pursuant to the TSA; (iv) documents and communications between Advanta and its subsidiaries regarding filing a consolidated tax return; (v) documents and communications regarding any refunds under the TSA; and (vi) documents and communications regarding the 2008 and 2009 consolidated tax returns. Given that the TSA was negotiated approximately 10 years ago, there were many years of tax and accounting-related documents to be reviewed.


We accept Weil's response and have no objection to this expense.

CONCLUSION

16. Thus, we recommend approval of \$2,149,935.25 in fees (\$2,155,646.25 minus \$5,711.00) and \$259,738.45 in expenses (\$260,574.08 minus \$835.63) for Weil's services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.


By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 2nd day of May, 2011.


Warren H. Smith

SERVICE LIST
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EXHIBIT "A"

a. We noted that on August 5, 2010, attorneys Richard L. Levine (\$885) and Ariane Newell (\$515) attended the Browne deposition. The total time spent, including travel and preparation time, was 23.40 hours, for total fees of \$13,059.00.

8/5/10 Levine, Richard L.	3.0	\$1,327.50	travel to/from Philadelphia re: deposition.
8/5/10 Newell, Ariane	3.0	\$772.50	travel to/from Philadelphia re: deposition.
8/4/10 Newell, Ariane	7.0	\$3,605.00	.....; attend preparation of P. Browne for deposition preparation session (7.0);.....
8/5/10 Levine, Richard L.	5.4	\$4,779.00	.....; further preparation of P. Browne for deposition (.4); defend P. Browne deposition (5.0);.....
8/5/10 Newell, Ariane	5.0	\$2,575.00	.....; Attend deposition of P. Browne (5.0);....

b. We noted that on August 4, 2010, attorneys Richard L. Levine (\$885), Stuart J. Goldring (\$990), Miranda S. Schiller (\$865), Christopher Cox (\$845), Marcie R. Kaufman (\$595), Robert J. Lemons (\$780), and Ariane Newell (\$515) attended the deposition preparation session of P. Browne. The total time spent was 37.7 hours, for total fees of \$29,088.50.

8/4/10 Levine, Richard L.	7.7	6,814.50	.....; prepare for P. Browne preparation (.7); attend to preparation of P. Browne for deposition (7.0);.....
8/4/10 Goldring, Stuart J.	5.5	5,445.00	PREPARE P. BROWNE FOR DEPOSITION, WITH J. DUBOW, R. LEVINE AND OTHERS (5.5);.....
8/4/10 Schiller, Miranda S.	6.0	5,190.00	prepare for deposition of FDIC witness (6.0);.....
8/4/10 Cox, Christopher	0.4	338.00	.....; conferences with S. Litvinoff, S.

				Goldring, M. Goodman and conferences with Expert witness and W. Rossoff (.4);.....
8/4/10	Kaufman, Marcie R.	5.2	3,094.00	.....; Preparation session for P. Browne deposition (5.2);.....
8/4/10	Lemons, Robert J.	5.9	4,602.00	Meet with P. Browne, J. Dubow, R. Levine, C. Cox, S. Goldring and M. Kaufman re: deposition and witness preparation for trial of tax returns motions.
8/4/10	Newell, Ariane	7.0	3,605.00	.....; attend preparation of P. Browne for deposition preparation session (7.0);.....

c. We noted that on August 3, 2010, attorneys Nadya Salcedo (\$455) and Richard L. Levine (\$885) attended the Rosoff deposition. The total time spent was 17.30 hours, for total fees of \$11,397.50.

8/2/10	Levine, Richard L.	0.7	\$619.50	.....; attend to preparation for Rosoff deposition (.7);.....
8/3/10	Levine, Richard L.	7.5	\$6,637.50	.....; prepare W. Rosoff for deposition (.5); defend Rosoff deposition (7.0);.....
8/3/10	Salcedo, Nadya	9.1	\$4,140.50	Attend witness deposition (9.1);.....

d. We noted that on August 2, 2010, attorneys Richard L. Levine (\$885), Stuart J. Goldring (\$990), Marcie R. Kaufman (\$595), Robert J. Lemons (\$780), Max A. Goodman (\$665), Victoria Vron (\$630), and Nadya Salcedo (\$455) attended the deposition preparation session for W. Rosoff. The total time spent was 38 hours, for total fees of \$26,482.50.

8/2/10	Levine, Richard L.	8.0	7,080.00	.....; prepare W. Rosoff for deposition (8.0);.....
8/2/10	Goldring, Stuart J.	4.3	4,257.00	Prepare W. Rosoff for deposition with J.

				Dubow, R. Levine and for part, R. Lemons and V. Vron (4.3);.....
8/2/10	Kaufman, Marcie R.	5.2	3,094.00	.....; Attend B. Rosoff deposition preparation (5.2).
8/2/10	Lemons, Robert J.	5.7	4,446.00	Attend to preparation for W. Rosoff deposition in tax return litigation with W. Rosoff, J. Dubow, R. Levine, S. Goldring and M. Kaufman (5.7);.....
8/2/10	Goodman, Max A.	1.4	931.00	Meet with S. Goldring, R. Levine, R. Lemons, M. Kaufman, W. Rosoff and J. Dubow re: deposition preparation for W. Rosoff (partial) (1.4);.....
8/2/10	Vron, Victoria	3.3	2,079.00	.....; attend parts of B. Rosoff deposition preparation meeting (3.3);.....
8/2/10	Salcedo, Nadya	10.1	4,595.50	Prepare witness for deposition (9.3). Attended to discovery issues relating to witness preparation (.8).

e. We noted that on August 6, 2010, attorneys Marcie R. Kaufman (\$595) and Victoria Vron (\$630) attended the Stern deposition. The total time spent, including preparation, was 21.6 hours, for total fees of \$13,114.50.

8/3/10	Kaufman, Marcie R.	2.6	1,547.00	.....; Review M. Stern deposition preparation binder (2.6).
8/5/10	Kaufman, Marcie R.	5.5	3,272.50	Meet with V. Vron re: M. Stern deposition (2.0);.....; Conference with UCC counsel re: M. Stern deposition (.3);.....; Review binder of M. Stern documents and prepared for deposition (3.2);.....
8/5/10	Vron, Victoria	1.8	1,134.00	prepare for M. Stern deposition (1.8);.....
8/6/10	Kaufman, Marcie R.	6.0	3,570.00	Attend M. Stern deposition (6.0);.....

8/6/10	Vron, Victoria	5.7	3,591.00	Attend M. Stern's deposition re: tax litigation (5.7);.....
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f. We noted that on August 11, 2010, attorneys Christopher Cox (\$845) and Scott Litvinoff (\$455), as well as paralegal Robert Condon (\$185), attended the deposition of an expert witness. The total time spent, including preparation, was 29.4 hours, for total fees of \$17,946.00.

8/10/10	Cox, Christopher	7.0	5,915.00	Prepare for and participate in deposition preparation with Expert witness (7.0);.....
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8/10/10	Litvinoff, Scott M.	9.0	4,095.00; prepare for deposition of Expert witness (9.0).
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8/11/10	Cox, Christopher	6.1	5,154.50	Prepare for and attend deposition of Expert witness at McDermott's offices (6.1);.....
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8/11/10	Litvinoff, Scott M.	5.3	2,411.50	Defend deposition of Expert witness (5.3);.....
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8/11/10	Condon, Robert	2.0	370.00; Attend Expert witness deposition to assist attorneys with documents (2.0);.....
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g. We noted that on August 13, 2010, attorneys Stuart J. Goldring (\$990) and Marcie R. Kaufman (\$595), as well as paralegal David C. Coffey (\$280), attended the Braverman deposition. The total time spent, including preparation, was 68.4 hours, for total fees of \$35,651.00.

8/10/10	Coffey, David C.	2.4	672.00	Prepare for M. Braverman deposition (2.4);.....
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8/11/10	Coffey, David C.	6.1	1,708.00; Prepare for M. Braverman deposition, including online, reviewing accounting publications and reviewing fact and accounting guidance documents (6.1);.....
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8/12/10	Goldring, Stuart J.	5.3	5,247.00; PREPARE FOR DEPOSITION OF FDIC EXPERT (5.3)
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8/12/10	Kaufman, Marcie R.	12.0	7,140.00; Prepare for FDIC expert deposition (12.0).
8/12/10	Coffey, David C.	13.6	3,808.00	Prepare for M. Braverman deposition, including online research for background information, reviewing publications, and discussion with N. Strauss (2.8); meeting with M. Kaufman, Expert witness and S. Goldring to work on outline (7.9); and preparing potential exhibits (2.9).
8/13/10	Goldring, Stuart J.	8.0	7,920.00	attend FDIC EXPERT DEPOSITION, WITH M. KAUFMAN AND OTHERS (8.0);.....
8/13/10	Kaufman, Marcie R.	10.4	6,188.00	Review FDIC expert deposition outline (1.0); Meet with R. Levine re: deposition scope (.2); Meet with C. Cox re: deposition tips (.2); Depose FDIC expert (9.0);.....
8/13/10	Coffey, David C.	10.6	2,968.00	Assist M. Kaufman in M. Braverman deposition (10.6);

h. We noted that on August 13, 2010, attorneys Christopher Cox (\$845) and Scott Litvinoff (\$455) attended the Strauss deposition. The total time spent, including preparation, was 20.60 hours, for total fees of \$14,950.00.

8/12/10	Cox, Christopher	9.2	7,774.00	.....; prepare for and participate in N. Strauss deposition preparation conference (9.2);.....
8/12/10	Litvinoff, Scott M.	0.9	409.50	.....; Prepare for N. Strauss' deposition (.2);; Post-preparation session follow-up (.7).
8/13/10	Cox, Christopher	5.1	4,309.50	Prepare for and attend deposition of N. Strauss, including pre and post-deposition conferences (5.1);.....
8/13/10	Litvinoff, Scott M.	5.4	2,457.00	.....; Pre-deposition preparation (.4); Defend

deposition of N. Strauss (5.0);.....

i. We noted that on August 12, 2010, attorneys Stuart J. Goldring (\$990), Christopher Cox (\$845), and Scott Litvinoff (\$455) attended the deposition preparation session for N. Strauss. The total time spent was 23.80 hours, for total fees of \$17,413.00.

8/12/10	Goldring, Stuart J.	5.6	5,544.00	.....; prepare N. STRAUSS FOR DEPOSITION (5.6);....
8/12/10	Cox, Christopher	9.2	7,774.00	.....; prepare for and participate in N. Strauss deposition preparation conference (9.2);.....
8/12/10	Litvinoff, Scott M.	9.0	4,095.00	.....; Prepare N. Strauss for deposition (9.0);.....

j. We noted that on November 30, 2010, attorneys Richard Levine (\$885) and Marcie Kaufman (\$595) attended the deposition of D. Dunn. The total time spent, including preparation time, was 14.20 hours, for total fees of \$10,450.00.

11/30/10	RL	6.9	6,106.50	Final preparation of D. Dunn for deposition (.5); defend D. Dunn deposition (6.4);.....
11/30/10	MK	7.3	4,343.50	Meet with D. Dunn, J. Dubow and R. Levine re: preparation for Dunn's deposition (.5); attend D. Dunn deposition (6.8);.....

k. We noted that on November 29, 2010, attorneys Marcie Kaufman (\$595), Robert Lemons (\$780), and Victoria Vron (\$630) attended the deposition preparation session of D. Dunn.

The total time spent was 10.10 hours, for total fees of \$6,559.00.

11/29/10	MK	5.10	3,034.00	Review D. Dunn preparation outline (2.60); meet with D. Dunn J. Dubow, R. Lemons, V. Vron and R. Levine re: preparation for D. Dunn's deposition (2.5);.....
11/29/10	RL	2.50	1,950.00	.....; meet with D. Dunn, J. Dubow, R. Levine and M., Kaufman re: preparation for deposition (2.5).
11/29/10	VV	2.50	1,575.00	.....; participate (partially) in preparation of D. Dunn for deposition (2.5).

EXHIBIT "B"

a. We noted that on August 2, 2010, attorneys Stuart J. Goldring (\$990), Christopher Cox (\$845), Scott M. Litvinoff (\$455), and Max A. Goodman (\$665) attended a meeting with an expert. The total time spent, including preparation, was 33.40 hours, for total fees of \$22,624.00.

8/2/10	Goldring, Stuart J.	4.4	4,356.00	.....; discuss expert draft report with expert, C. Cox and others (4.4);.....
8/2/10	Cox, Christopher	9.4	7,943.00	Prepare for and attend conference with Expert, S. Litvinoff, M. Goodman, S. Goldring re: expert report (9.4);.....
8/2/10	Litvinoff, Scott M.	12.9	5,869.50	Prepare for meeting with expert (1.0); Meet with Expert to discuss draft report (11.9);.....
8/2/10	Goodman, Max A.	6.7	4,455.50	.....; meet with S. Goldring, C. Cox, S. Litvinoff and Expert re: expert report of Expert (6.7).

b. We noted that on August 3, 2010, attorneys Richard L. Levine (\$885), Stuart J. Goldring (\$990), Christopher Cox (\$845), Marcie R. Kaufman (\$595), Robert J. Lemons (\$780), Max A. Goodman (\$665), Victoria Vron (\$630), and Kavita Desai (\$455) attended multiple meetings concerning the Goldman deposition. The total time spent was 45.60 hours, for total fees of \$31,414.00.

8/3/10	Levine, Richard L.	1.1	973.50	.....; meeting re: Goldman deposition (.3);.....; attend meeting re: Goldman deposition alternatives with WGM and L&W (.8);.....
8/3/10	Goldring, Stuart J.	3.3	3,267.00	attend MEETING WITH C. COX, M. KAUFMAN AND OTHERS Re: DEPOSITION (.8);.....; MEET WITH C.

COX, LATHAM & WATKINS AND OTHERS Re: GOLDMAN DEPOSITION (2.5)

8/3/10	Cox, Christopher	11.1	9,379.50	Prepare for and participate in conferences with R. Lemons, M. Kaufman, S. Goldring, M. Goodman, K. Desai for K. Goldman deposition preparation (8.3);.....; conference with R. Schwartz, R. Malioneck, S. Goldring, M. Kaufman, V. Desai, M. Goodman re: k. Goldman deposition and stipulation (2.8).
8/3/10	Kaufman, Marcie R.	8.00	4,760.00	Meet with C. Cox re: K. Goldman preparation (2.0); Meet with C. Cox, K. Desai, S. Goldring and M. Goodman re: K. Goldman documents for proposed stipulation (3.0); Discussions with counsel, C. Cox, K. Desai and R. Levine re: K. Goldman deposition (3.0);.....
8/3/10	Lemons, Robert J.	4.90	3,822.00	Meet with C. Cox, R. Levine, W. Rosoff, M. Kaufman, S. Goldring, M. Goodman and K. Desai re: Goldman and Rosoff depositions in tax return litigation (4.9);.....
8/3/10	Goodman, Max A.	6.1	4,056.50	Meet with S. Goldring, C. Cox and M. Kaufman re: K. Goldman deposition preparation (partial).
8/3/10	Vron, Victoria	0.6	378.00	attend meeting with C. Cox to prepare for Goldman deposition (.6);.....
8/3/10	Desai, Kavita	10.5	4,777.50	Goldman deposition preparation with C. Cox and M. Kaufman.

c. We noted that on August 4, 2010, attorneys Christopher Cox (\$845), Scott M. Litvinoff (\$455), and Max A. Goodman (\$665), as well as paralegal David C. Coffey (\$280),

attended a meeting with N. Strauss. The total time spent was 21.40 hours, for total fees of \$13,031.50.

8/4/10	Goldring, Stuart J.	1.2	1,188.00	.....; MEET WITH EXPERT Re: DRAFT REPORT (.9);.....; confer WITH Expert, S. LITVINOFF AND OTHERS Re: DRAFT REPORT (.3);.....
8/4/10	Cox, Christopher	4.8	4,056.00	.....; conference with N. Strauss, S. Litvinoff, S. Goldring and M. Goodman (4.8).
8/4/10	Litvinoff, Scott M.	6.0	2,730.00	.....; Meet with N. Strauss (6.0);.....
8/4/10	Goodman, Max A.	6.3	4,189.50	Meet with S. Goldring, C. Cox, S. Litvinoff and N. Strauss re: expert report of N. Strauss (6.3);.....
8/4/10	Coffey, David C.	3.1	868.00	expert report preparation including meeting with N. Strauss, S. Litvinoff, M. Goodman, C. Cox and S. Goldring to review draft Strauss expert report and revise (3.1);.....

d. We noted that on August 5, 2010, attorneys Stuart J. Goldring (\$990), Christopher Cox (\$845), Scott Litvinoff (\$455), Max A. Goodman (\$665), and paralegal David C. Coffey (\$280) attended a meeting with N. Strauss. The total time spent was 25 hours, for total fees of \$15,093.00.

8/5/10	Goldring, Stuart J.	3.5	3,465.00	MEET WITH N. STRAUSS Re: DRAFT REPORT (3.5);.....
8/5/10	Cox, Christopher	4.4	3,718.00	.....; conference with N. Strauss, S. Litvinoff, M. Goodman, S. Goldring re: Strauss report (4.4);.....
8/5/10	Litvinoff, Scott M.	7.5	3,412.50	Preparation for meeting with N. Strauss (1.0); Meet with N. Strauss (6.5);.....
8/5/10	Goodman, Max A.	4.7	3,125.50	Meet with S. Goldring, C. Cox, S. Litvinoff and N. Strauss re: expert report of N. Strauss (4.7);.....

8/5/10 Coffey, David C.	4.9	1,372.00	Participate in meetings and discussions with N. Strauss, S. Litvinoff, M. Goodman, C. Cox, M. Kaufman and other WGM attorneys to review and revise draft report (4.9);.....
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EXHIBIT “C”

a. We noted that on November 12, 2010, attorneys Bruce Meyer (\$885), Victoria Vron (\$630), Jennifer Oliver (\$515), and Christopher Neely (\$515) attended a telephonic hearing. The total time spent was 2.7 hours, for total fees of \$1,769.50.

11/12/10	BM	0.90	796.50	Review response to committee’s 2004 motion (.5); conference call with court re: same (.4);.....
11/12/10	VV	0.40	252.00	.....; participate in telephonic conference re: scheduling of 2004 motion (.4);.....
11/12/10	JO	1.10	566.50	.....; prepare for and attend hearing with Judge (1.1);.....
11/12/10	CN	0.30	154.50	.....; attend telephonic court hearing with Judge Carey to discuss discovery issues (.3);.....

b. We noted that on November 17, 2010, attorneys Marcia Goldstein (\$990), Bruce Meyer (\$885), Robert Lemons (\$780), Victoria Vron (\$630), David Griffiths (\$515), and Deborah Hoehne (\$515) attended a hearing. The total time spent, including preparation and non-working travel time, was 23.9 hours, for total fees of \$14,795.75.

11/16/10	BM	4.20	3,717.00	Preparation for hearing in Delaware on 2004 motion (1.9); working travel to Delaware (1.4);.....; email correspondence with M. Goldstein, R. Lemons, V. Vron and clients (on phone) re: preparation for 2004 hearing (.9).
11/17/10	MG	1.00	990.00	Attend discovery hearing
11/17/10	BM	1.80	1,593.00	Meet with client prior to court hearing re: 2004 discovery (.8); attend court hearing in Delaware (1.0);.....
11/17/10	RL	1.90	1,482.00	Prepare for hearing re: committee motion for plan related

discovery (1.1); telephonically attend hearing re: same (.8);.....

11/17/10	VV	2.90	1,827.00	Prepare for hearing on 2004 motion with team and client (1.3); revise script for hearing (.6); attend hearing re: 2004 motion (1.0);.....
11/17/10	DG	0.90	463.50	Attend court hearing by conference call.
11/17/10	MG	2.40	1,188.00	Return to New York from Wilmington for discovery hearing
11/17/10	MG	2.40	1,188.00	Travel to Wilmington for discovery hearing
11/17/10	BM	1.50	663.75	Travel from Delaware to NY for discovery hearing
11/17/10	VV	4.20	1,323.00	Travel to and from Delaware for hearing on 2004 motion
11/17/10	DH	0.70	360.50	Attend telephonic hearing on Rule 2004 motion.

EXHIBIT "D"

8/5/10	Griffiths, David N.	0.3	154.50	Email from A. Sagot re: Christie's consignment schedule and review schedule (.1); email to D. Klauder at U.S. Trustee re: same (.1).
				(Time and fees actually recorded: 0.2 hours for \$103.00; possible overcharge of 0.1 hour for \$51.50 in fees.)
8/31/10	Maravilla, Mel C.	5.2	1,300.00	Prepare Form 8-K and Monthly Operating Report exhibit for filing with the SEC via EDGAR (4.3); confer with J. Sagot re: same (.1); circulate EDGAR draft (.1).
				(Time and fees actually recorded: 4.5 hours for \$1,012.50; possible overcharge of 0.7 hours for \$287.50 in fees.)
8/2/10	Murray, Haskell	1.0	550.00	confer with N. Salcedo (.1); email correspondence re: board minutes (.1); email re: court reporting (.1); review final transcript (.5); email re: protective order to M. Kaufman (.1).
				(Time and fees actually recorded: 0.9 hours for \$495.00 in fees; possible overcharge of \$55.00.)
8/4/10	Kaufman, Marcie	8.5	5,057.50	confer with N. Salcedo re: w. Rosoff direct outline and exhibits for trial (.1); confer with S. Litvinoff re: FAS 109 (.1); confer with B. Condon re: w. Rosoff documents (.1); review w. Rosoff documents for letter to outside director (.3); MEET with C. Cox re: litigation graphics, pre-trial memo, expert reports and paralegal support (.5); confer with Covington re: M. Erikson availability (.1); Email with FDIC counsel re: Merle testimony, Rosoff deposition and k. Goldman stipulation (.7); Review revised scheduling order (.3); MEET with C. Cox and K. Desai re: k. Goldman stipulation (.4); Preparation session for P. Browne deposition (5.2); Email with A. Newell and R. Condon re: clawback letter to FDIC (.5).

(Time and fees actually recorded: 8.3 hours for \$4,938.50 in fees; possible overcharge of \$119.00.)

8/4/10 Coffey, David C. 5.7 1,596.00 expert report preparation including meeting with N. Strauss, S. Litvinoff, M. Goodman, C. Cox and S. Goldring to review draft Strauss expert report and revise (3.1); review materials provided to and listed by N. Strauss and drafting material relied on exhibit for Strauss report (1.3); review current draft of Expert report and comments (1.2).

(Time and fees actually recorded: 5.6 hours for \$1,568.00 in fees; possible overcharge of \$28.00.)

8/12/10 Hausman, Jeffrie 9.2 \$2,392.00 prepare, organize and mark trial exhibits (2.6); Work with outside vendor to process exhibits for trial (.5); review and revise trial exhibit list (1.1); prepare sets of stipulated exhibits (1.2); review and organize joint accounting documents (1.2); update deposition transcript file databases and indices (.6); prepare Rosoff witness outline materials (1.3); locate documents per attorney request (.5)

(Time and fees actually recorded: 9 hours for \$2,340.00 in fees; possible overcharge of \$52.00.)

RESPONSE EXHIBIT “1”

The Third Interim Period was a crucial and very busy period in the Debtors’ chapter 11 cases. The depositions and witness preparation sessions referenced on *Exhibit A* mostly related to the Debtors’ litigation with the Federal Deposit Insurance Corporation (the “*FDIC*”), as receiver for Advanta Bank Corp. (“*ABC*”), the Debtors’ wholly owned bank subsidiary. One of the largest issues facing the Debtors’ estate in the summer of 2010 was the lawsuit brought by the FDIC (the “*FDIC Litigation*”) seeking permission to file competing U.S. tax returns on behalf of ABC. This was a pivotal issue in the Debtors’ chapter 11 cases because it had the potential of significantly reducing, or even eliminating, the recovery of the Debtors’ other creditors. Because of the FDIC’s perceived deadline for filing competing tax returns with the Internal Revenue Service, the matter was handled on an expedited basis by the United States Bankruptcy Court for the District of Delaware (the “*Bankruptcy Court*”). The Bankruptcy Court scheduled a trial to begin on August 16, 2010 and, as a result, the entire litigation, including large scale document production, fact depositions, expert reports, expert depositions, and trial preparation had to be completed in less than 2 months. This schedule meant multiple aspects of the lawsuit needed to be handled simultaneously, including offensive and defensive fact depositions, preparation of expert reports, and preparation for expert depositions. Given the importance of each deposition and the time in which it needed to be completed, each deposition was assigned to one of three litigation partners, a senior associate and a junior associate. The junior associate was tasked with identifying crucial documents and assisting in preparing for and taking or defending the depositions. Due to the overlapping nature of the schedule and the significant time commitment involved in preparing the necessary documents for each deposition, a different junior associate was assigned to each

deposition. This created a significant risk of breakdowns in coordination and information sharing among the different lawyers involved. In order to coordinate amongst all of the attorneys working on the trial preparations, Marcie Kaufman, a senior associate in the Litigation Department, acted as point person by attending as many depositions as her schedule would allow to coordinate strategy and share information that had been obtained in previous depositions. Because each deposition and witness preparation session lasted all day, it was necessary for tax and bankruptcy attorneys to “tag team” since most of the time their schedules did not allow them to attend the entire session but only parts of them. Moreover, at least one attorney from the tax and bankruptcy groups was necessary at the preparation sessions to help identify relevant tax and bankruptcy issues during the session. Because the entire litigation revolved around a novel and complex intersection of tax and bankruptcy law, it was not a matter of just calling up the tax or bankruptcy attorney with isolated or specific questions on these issues during the preparation sessions.

The depositions and witness preparation sessions identified in *Exhibit A* to the Initial Report are specifically addressed below:

- a. Exhibit A (¶ a): “We note that on August 5, 2010, attorneys Richard L. Levine (\$885) and Ariane Newell (\$515) attended the Browne deposition. The total time spent, including travel and preparation time, was 23.40 hours, for total fees of \$13,059.00.”

Richard Levine is a partner in Weil’s litigation department (the “*Litigation Department*”) and Ariane Newell is a fourth year associate in the Litigation Department. On August 5, 2010, Mr. Levine and Ms. Newell were defending the Browne deposition. Mr. Levine was the chief litigator in the FDIC Litigation and was the main attorney responsible for defending Philip Browne, Advanta’s chief financial officer, at his deposition; Ms. Newell was at the deposition because she was thoroughly involved in preparing Mr. Browne for his deposition and was the attorney who

assembled and best understood all the documents relevant to Mr. Browne's deposition. Due to the nature of the FDIC Litigation and the importance of the outcome to the creditors, the attendance of both Mr. Levine and Ms. Newell at the deposition conducted on August 5, 2010 was appropriate and necessary and, therefore, the fees for preparation and attendance of this deposition should be allowed in the full amount of \$13,059.00.

b. Exhibit A (¶ b): "We note that on August 4, 2010 attorneys Richard L. Levine (\$885), Stuart J. Goldring (\$990), Miranda S. Schiller (\$865), Christopher Cox (\$845), Marcie Kaufman (\$595), Robert J. Lemons (\$780), and Ariane Newell (\$515) attended the deposition preparation session of P. Browne. The total time spent was 37.7 hours, for total fees of \$29,088.50."

The preparation session conducted on August 4, 2010 was held to prepare Mr. Browne for his deposition. As noted above, Mr. Levine (partner, Litigation Department) and Ms. Newell (associate, Litigation Department) attended this preparation session because they were the attorneys who would be defending Mr. Browne's deposition. Stuart Goldring is a partner in Weil's tax department (the "*Tax Department*") and his attendance was necessary at this preparation session because there were key tax issues that were specific to Mr. Browne's deposition that required Mr. Goldring's consultation. Similarly, Robert Lemons, a partner in Weil's Business Finance & Restructuring Department ("*BFR*") attended this session in order to prepare Mr. Browne for bankruptcy questions and/or issues that were likely to arise during Mr. Browne's deposition. Ms. Kaufman, as noted above, attended most deposition preparation sessions to the extent possible to make sure all important documents and strategic decisions were shared and coordinated among the different Weil teams that were preparing the other witnesses. Miranda S. Schiller and Christopher Cox did not attend the deposition preparation session of Phillip Browne on August 4, 2010. The amounts billed

by Ms. Schiller and Mr. Cox, 6.0 hours and .4 hours, respectively, on August 4, 2010 were for time spent preparing for the deposition of an FDIC witness, not Mr. Browne. Thus, the amount of fees incurred for the deposition preparation session of Mr. Browne is \$23,560.50. Therefore, the total fees incurred for the two separate preparation sessions should be allowed in the full amount of \$29,088.50.

c. Exhibit A (¶ c): “We note that on August 3, 2010, attorneys Nadya Salcedo (\$455) and Richard L. Levine (\$885) attended the Rosoff deposition. The total time spent was 17.30 hours, for total fees of \$11,397.50.”

The Weil attorneys defended the Rosoff deposition on August 3, 2010. Mr. Levine (partner, Litigation Department) defended William Rosoff, Advanta’s president, in his deposition. Ms. Salcedo, a third year associate in the Litigation Department, was involved in preparing Mr. Rosoff for his deposition and had the most knowledge about the documents relevant to Mr. Rosoff’s deposition. In light of the importance of the outcome of the FDIC Litigation to creditor recoveries, and the fact that Mr. Rosoff was one of the main witnesses, it was appropriate and necessary for both Mr. Levine and Ms. Salcedo to attend the deposition. The fees for attendance of the Rosoff deposition should therefore be allowed in the full amount of \$11,397.50.

d. Exhibit A (¶ d): “We note that on August 2, 2010, attorneys Richard L. Levine (\$885), Stuart J. Goldring (\$990), Marcie R. Kaufman (\$595), Robert J. Lemons (\$780), Max A. Goodman (\$665), Victoria Vron (\$630), and Nadya Salcedo (\$455) attended the deposition preparation session for W. Rosoff. The total time spent was 38 hours, for total fees of \$26,482.50.”

The deposition preparation session conducted on August 2, 2010 was held to prepare William Rosoff for his deposition. Mr. Levine (partner, Litigation Department) and Ms. Salcedo (associate,

Litigation Department) attended this preparation session because they would be the ones defending Mr. Rosoff's deposition. Mr. Goldring (partner, Tax Department) only partially attended this session and in his absence Max Goodman, a senior associate in the Tax Department, attended the meeting. A tax attorney was needed at this session because there were key tax issues that were likely to be raised in Mr. Rosoff's deposition. Similarly, Mr. Lemons (partner, BFR) partially attended this session in order to prepare Mr. Rosoff for any bankruptcy questions and/or issues that were likely to arise during Mr. Rosoff's deposition. In his absence, Victoria Vron (associate, BFR) attended the rest of the preparation session to advise on bankruptcy issues. A bankruptcy attorney was necessary at all times during the deposition because bankruptcy issues were a backdrop for most of the issues being discussed. Additionally, as mentioned above, Ms. Kaufman (associate, Litigation Department) was the information point person for all depositions in order to coordinate the strategy employed for all depositions and assist with any information that Mr. Levine may be missing. Accordingly, the participation of each of these attorneys was necessary and the fees for this meeting should be allowed in the full amount of \$26,482.50.

e. Exhibit A (¶ e): "We note that on August 6, 2010, attorneys Marcie R. Kaufman (\$595) and Victoria Vron (\$630) attended the Stern deposition. The total time spent, including preparation, was 21.6 hours, for total fees of \$13,114.50."

Ms. Kaufman (associate, Litigation Department) and Ms. Vron (associate, BFR) prepared for and attended the Stern deposition held on August 6, 2010 as an interested party and asked questions on behalf of the Debtors related to the FDIC Litigation. Therefore, the attendance of Ms. Kaufman and Ms. Vron was necessary at this meeting and should be allowed in the full amount of \$13,114.50.

(Fee Auditor's Note: In response to our request, Weil provided the following additional information concerning attendance at this deposition by Ms. Kaufman and Ms. Vron:)

Mr. Stern was a Creditors' Committee witness who was deposed by the FDIC in connection with the FDIC Litigation. As discussed in more detail in the Response, the FDIC Litigation was one of the central issues in the chapter 11 cases, which could have resulted in approximately \$170 million of additional claims against the estates. Based on the questions that the FDIC asked of Mr. Stern at the deposition, it could have been necessary for the Debtors to depose Mr. Stern at the deposition as well. As a result, Ms. Kaufman (associate, Litigation Department) and Ms. Vron (associate, BFR) attended the deposition. Although Ms. Kaufman, as the litigator, deposed Mr. Stern, Ms. Vron was necessary at the deposition to assist Ms. Kaufman in identifying the bankruptcy related questions to ask of Mr. Stern as a result of the FDIC's questioning of him.

f. Exhibit A (¶f): “We note that on August 11, 2010, attorneys Christopher Cox (\$845) and Scott Litvinoff (\$455), as well as paralegal Robert Condon (\$185), attended the deposition of an expert witness. The total time spent, including preparation, was 29.4 hours, for total fees of \$17,946.00.”

Mr. Cox (partner, Litigation Department) attended both the preparation session and the deposition of Merle Erickson, an expert witness for Advanta, because he was the lead attorney defending this particular deposition. Scott Litvinoff (associate, Litigation Department) attended the preparation session and the deposition because he was the attorney most familiar with the documents relevant to the deposition. Robert Condon is a paralegal in the Litigation Department. As mentioned above, the FDIC Litigation was conducted on an expedited basis and, as a result, Weil had to use all resources available to it to complete tasks in preparation for the trial. During the time that Mr. Litvinoff was defending the expert witness' deposition, the joint pre-trial brief was also being prepared for filing. To avoid the extra expense of assigning another associate to prepare the joint pre-trial brief, Mr. Condon, who was already assigned to the case, helped coordinate changes to the

pre-trial brief. Mr. Condon attended the expert witness's deposition so that he could assist in recording and submitting changes Mr. Litvinoff made to the joint pre-trial brief prior to filing. Therefore, the fees related to this deposition should be allowed in the full amount of \$17,946.00.

g. Exhibit A (¶ g): "We note that on August 13, 2010, attorneys Stuart J. Goldring (\$990) and Marcie Kaufman (\$595), as well as paralegal David C. Coffey(\$280), attended the Braverman deposition. The total time spent, including preparation, was 68.4 hours, for total fees of \$35,651.00."

Mr. Goldring (partner, Tax Department) and Ms. Kaufman (associate, Litigation Department) were the attorneys who took Mr. Braverman's deposition. Mr. Braverman was an FDIC expert witness and was deposed on key tax issues related to the FDIC Litigation. Mr. Goldring attended the preparation session and the deposition because of his expertise in tax law. Ms. Kaufman was the litigation attorney assigned to attend the deposition. David Coffey is a senior paralegal in the Litigation Department. Mr. Coffey assisted Mr. Goldring and Ms. Kaufman in preparing for the deposition by reviewing all documents pertaining to the Braverman deposition. Because of the importance of the outcome of the FDIC Litigation to creditor recoveries, the fees incurred for the preparation and attendance of the Braverman deposition were appropriate and necessary, and should be allowed in the full amount of \$35,651.00.

h. Exhibit A (¶ h): "We note that on August 13, 2010, attorneys Christopher Cox (\$845) and Scott Litvinoff (\$455) attended the Strauss deposition. The total time spent, including preparation, was 20.60 hours, for total fees of \$14,950.00."

Mr. Cox (partner, Litigation Department) attended both the preparation session and the deposition of Mr. Strauss because he was the lead attorney defending Mr. Strauss, an expert witness for Advanta, at the deposition. Mr. Litvinoff (associate, Litigation Department) assisted Mr. Cox in

preparing for the deposition. Mr. Litvinoff was the attorney most familiar with the documents relevant to the deposition. Therefore, the fees incurred for the preparation and attendance of the Strauss deposition should be allowed in the full amount of \$14,950.00.

- i. Exhibit A (¶ i): “We note that on August 12, 2010, attorneys Stuart Goldring (\$990), Christopher Cox (\$845), and Scott Litvinoff (\$455) attended the deposition preparation session for N. Strauss. The total time spent was 23.80 hours, for total fees of \$17,413.00.”

As noted above, Mr. Cox (partner, Litigation Department) was the lead litigator defending Mr. Strauss at his deposition. Similarly, Mr. Litvinoff (associate, Litigation Department) attended the preparation sessions and the deposition because he was the attorney most familiar with the documents related to Mr. Strauss’s deposition. Additionally, Mr. Goldring (partner, Tax Department) attended the deposition preparation session because Mr. Strauss’s deposition concerned major tax accounting issues that were at the center of the FDIC Litigation. Therefore, the fees incurred for the deposition preparation session for Mr. Strauss should be allowed in the full amount of \$17,413.00.

- j. Exhibit A (¶ j): “We note that on November 30, 2010, attorneys Richard Levine (\$885) and Marcie Kaufman (\$595) attended the deposition of D. Dunn. The total time spent, including preparation time, was 14.20 hours, for fees of \$10,450.00.”

The deposition preparation session conducted on November 30, 2010 was held to prepare Ms. Dunn, a member of Advanta’s board of directors, for her deposition. This deposition was requested by the counsel to the official committee of general unsecured creditors (the “*Committee*”) in connection with its objection (the “*Objection*”) [Docket No. 981] to the Debtors’ Motion to Extend Exclusivity [Docket No. 903]. The Objection, if granted, could have resulted in the filing of competing chapter

11 plans, extension of the chapter 11 cases, and additional cost to the estates. Therefore, it was necessary for Mr. Levine (partner, Litigation Department) and Ms. Kaufman (associate, Litigation Department) to attend and defend the Dunn deposition. They were both already actively involved in all litigation concerning the Debtors' estates and were fully aware of the litigation issues surrounding the Debtors' chapter 11 cases. Therefore, the fees incurred for attending the Dunn deposition were appropriate and should be allowed in the full amount of \$10,450.00.

(Fee Auditor's Note: In response to our request, Weil provided the following additional information concerning attendance at this deposition by Mr. Levine and Ms. Kaufman:)

Both Ms. Kaufman (associate, Litigation Department) and Mr. Levine (partner, Litigation Department) attended Ms. Dunn's deposition because they were defending Ms. Dunn's deposition with regards to the Committee's Objection to the Debtors' exclusivity extension motion. Mr. Levine was the lead litigator at this deposition and was mainly responsible for defending Mr. Dunn. Ms. Kaufman's assistance, however, was necessary because she was the person most familiar with the documents that were the subject of Ms. Dunn's deposition and was at the deposition to direct Mr. Levine to such documents. Due to the expedited nature of the discovery related to the Committee's Objection (the deposition took place approximately 11 days after the Court granted the Creditors' Committee's discovery request), it was not possible for Mr. Levine to become as familiar with the documents as Ms. Kaufman.

k. Exhibit A (¶ k): "We note that on November 29, 2010, attorneys Marcie Kaufman (\$595), Robert Lemons (\$780), and Victoria Vron (\$630) attended the deposition preparation session of D. Dunn. The total time spent was 10.10 hours, for total fees of \$6,559.00."

As noted above, Ms. Kaufman (associate, Litigation Department) attended and assisted in defending the Dunn deposition, therefore, her participation in the deposition preparation session was necessary.

Mr. Lemons (partner, BFR) and Ms. Vron (associate, BFR) attended the deposition preparation session to counsel Ms. Dunn on bankruptcy issues since the topic of the deposition was inherently bankruptcy related. The deposition preparation session lasted 5.1 hours of which Mr. Lemons only attended 2.5 hours and Ms. Vron only attended 2.5 hours. The time that Mr. Lemons and Ms. Vron participated in the deposition preparation session did not overlap. Therefore, the fees incurred for attending the Dunn deposition should be allowed in the full amount of \$6,559.00.

RESPONSE EXHIBIT “2”

During the Third Interim Period, it was appropriate to have multiple Weil attorneys attend meetings amongst themselves or with the Debtors’ and/or the Debtors’ professionals to discuss issues central to the Debtors’ chapter 11 cases. The meetings noted in *Exhibit B* were related to issues that arose in connection with the FDIC Litigation. Because of the importance of the FDIC Litigation to creditor recoveries in these chapter 11 cases, the Debtors and their professionals had many meetings to analyze and strategize with respect to the defense of the FDIC Litigation. More specifically, during the relevant time period, Weil attorneys (i) engaged in discussions regarding preparation of key witnesses and experts who would be called as witnesses during the FDIC Litigation and (ii) prepared these individuals for depositions. Preparation of witnesses and experts for the FDIC Litigation involved extensive analysis of the intersection between tax, bankruptcy and FDIC receivership law. Additionally, as mentioned above, the discovery was done on an expedited basis and it was often more cost and time effective to have larger meetings with the attorneys involved in the various aspects of the FDIC Litigation than many smaller meetings. Careful coordination was necessary to avoid redundant work and keep all attorneys, who were forced to work in parallel due to the compressed litigation schedule, informed of relevant strategic and factual developments. In addition, each Weil attorney who attended a meeting or conference call played a distinct role and their services were not duplicated. The meetings and conference calls identified in *Exhibit B* to the Initial Report are specifically addressed below:

- a. Exhibit B (¶a): “We note that on August 2, 2010, attorneys Stuart J. Goldring (\$990), Christopher Cox (\$845), Scott M. Litvinoff (\$455), and Max A. Goodman (\$665) attended a meeting with an expert. The total time spent, including preparation, was 33.40 hours, for total fees of \$22,624.00.”

The meeting held on August 2, 2010 was with Merle Erickson, an expert witness who was preparing a report regarding the tax and accounting issues surrounding the FDIC Litigation. Mr. Goldring (partner, Tax Department) and Mr. Goodman (associate, Tax Department) attended this meeting to explain the tax issues central to the FDIC Litigation and advise the litigation attorneys on tax matters. Mr. Cox (partner, Litigation Department) and Mr. Litvinoff (associate, Litigation Department) attended this meeting because they were familiar with the trial strategy that would be employed during the FDIC Litigation and they were the attorneys who would be defending the expert's deposition. Therefore, the fees incurred for attending the meeting on August 2, 2010 should be allowed in the full amount of \$22,624.00.

b. Exhibit B (¶b): “We note that on August 3, 2010, attorneys Richard Levine (\$885), Stuart Goldring (\$990), Christopher Cox (\$845), Marcie Kaufman (\$595), Robert Lemons (\$780), Max Goodman (\$665), Victoria Vron (\$630), and Kavita Desai (\$455) attended multiple meetings concerning the Goldman deposition. The total time spent was 45.60 hours, for total fees of \$31,414.00.”

The August 3, 2010 meeting related to preparations for taking the Goldman deposition. Mr. Goldman was the FDIC's fact witness in the FDIC Litigation. Mr. Cox (partner, Litigation Department) was scheduled to depose Mr. Goldman and Kavita Desai (associate, Litigation Department) assisted him. Ms. Kaufman (associate, Litigation Department) participated in some of the Goldman deposition preparation, relating important points in documents reviewed and information gleaned from the Rosoff and Browne deposition preparations. She also participated in communications with the Committee regarding the Goldman deposition. Mr. Levine (partner, Litigation Department) was present at the meeting to discuss strategy regarding the Goldman deposition with Mr. Cox. Although Weil believes that the incurrence of these fees was appropriate,

Weil agrees to reduce its fees by \$973.50 representing the time incurred by Mr. Levine in participating in this meeting. It was also necessary to have one tax attorney present at all times during this meeting because key tax issues were implicated by the Goldman deposition. Mr. Goldring (partner, Tax Department) attended this meeting for 3.3 hours and Mr. Goodman (associate, Tax Department) attended this meeting for 6.1 hours. Mr. Goldring and Mr. Goodman were necessary at these meetings because they advised the litigators on the tax issues central to the FDIC Litigation and provided background information necessary to determine the questions to ask Mr. Goldman in his deposition. Notwithstanding the fact that Weil believes that both Mr. Goldring and Mr. Goodman were helpful to the deposition preparation, Weil agrees to reduce its fees by \$2,194.50, representing 3.3 hours of time that Mr. Goodman's presence at the meeting overlapped with Mr. Goldring's time at the meeting. Mr. Lemons (partner, BFR) attended this meeting for 4.90 hours and Ms. Vron (associate, BFR) attended this meeting for .6 hours. Neither BFR attorney was at this meeting at the same time. Both Mr. Lemons and Ms. Vron attended the meeting at different times in order to advise on bankruptcy issues that were implicated by Mr. Goldman's deposition. In summary, Weil agrees to reduce its fees by \$3,168.00. The remaining fees of \$28,246.00 are appropriate and should be allowed.

c. Exhibit B (¶c): "We note that on August 4, 2010, attorneys Christopher Cox (\$845), Scott M. Litvinoff (\$455), and Max A. Goodman (\$665), as well as paralegal David C. Coffey (\$280), attended a meeting with N. Strauss. The total time spent was 21.40, for total fees of \$13,031.50. "

The meeting held on August 4, 2010 was with Norman Strauss, an expert witness who was preparing a report regarding the tax and accounting issues surrounding the FDIC Litigation. Mr. Goldring (partner, Tax Department) and Mr. Goodman (associate, Tax Department) attended this meeting to

explain the tax issues central to the FDIC Litigation and advise the litigation attorneys on tax matters. Mr. Strauss's expert report had significant implications on the Debtors' position in the FDIC Litigation. Therefore, it was necessary to have two tax attorneys at this meeting. Mr. Cox (partner, Litigation Department) and Mr. Litvinoff (associate, Litigation Department) attended the meeting because they were familiar with the trial strategy that would be employed during the FDIC Litigation and they were the attorneys who would be defending Mr. Strauss in his deposition and entering the report into evidence at trial. Mr. Coffey (senior paralegal, Litigation Department) aided Mr. Litvinoff in reviewing the relevant documents to the expert witness's report. In addition, Mr. Coffey attended 3.1 hours of the meeting with Mr. Strauss. Therefore, the fees incurred for attending the meeting on August 4, 2010 should be allowed in the full amount of \$13,031.50.

d. Exhibit B (¶d): "We note that on August 5, 2010, attorneys Stuart J. Goldring (\$990), Christopher Cox (\$845), Scott Litvinoff (\$455), Max A. Goodman (\$665), and paralegal David C. Cofey (\$280) attended a meeting with N. Strauss. The total time spent was 25 hours, for total fees of \$15,093.00."

The meeting held on August 5, 2010 was a continuation of the August 4, 2010 meeting with Mr. Strauss, the expert witness who was preparing a report regarding the tax issues surrounding the FDIC Litigation. Mr. Goldring (partner, Tax Department) and Mr. Goodman (associate, Tax Department) attended this meeting to explain the tax issues central to the FDIC Litigation and advise the litigation attorneys on all tax matters. As noted above, because Mr. Strauss's expert report would have significant implications on the Debtors' position in the FDIC Litigation and concerned major tax and accounting issues in the litigation, it was necessary to have two tax attorneys at this meeting. Mr. Cox (partner, Litigation Department) and Mr. Litvinoff (associate, Litigation Department) attended the meeting because they were familiar with the trial strategy that would be

employed during the FDIC Litigation and they were the attorneys who would be entering the expert witness's report into evidence at trial. Mr. Coffey (senior paralegal, Litigation Department) aided Mr. Litvinoff in reviewing the relevant documents to the expert witness' report and drafting the expert witness report. For the reasons stated in connection with the August 4, 2010 meeting with Mr. Strauss, it was necessary for each of the listed individuals to participate in this meeting. Because of the importance of the outcome of the FDIC Litigation on creditor recoveries, the fees incurred for attending the meeting on August 5, 2010 are appropriate and should be allowed in the full amount of \$15,093.00.

RESPONSE EXHIBIT “3”

a. Exhibit C (¶a): We note that on November 12, 2010, attorneys Bruce Meyer (\$885), Victoria Vron (\$630), Jennifer Oliver (\$515), and Christopher Neely (\$515) attended a telephonic hearing. The total time spent was 2.7 hours, for total fees of \$1,769.50.

The telephonic hearing held on November 12, 2010 was regarding the Expedited Motion of the Official Committee of Unsecured Creditors to Conduct Examinations of the Debtors’ Pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure [Docket No. 921] (the “*2004 Motion*”). The 2004 Motion was filed by the Committee on an expedited basis and the relief requested in the 2004 Motion, if granted, would have required an enormous amount of discovery. Therefore, it was necessary for Bruce Meyer (partner, Litigation Department) and Jennifer Oliver (associate, Litigation Department) to be present at the telephonic hearing because they were the attorneys that would have been responsible for reviewing the documents requested by the Committee if the request for document production was granted. Ms. Vron’s (associate, BFR) participation was necessary because the hearing related to the Debtors’ chapter 11 plan and exclusive period to file it. Weil agrees, however, to reduce its fees by \$154.50, representing fees of Christopher Neely (associate, Litigation Department) for attending this hearing. Therefore, the fees for this telephonic hearing should be allowed in the amount of \$1,615.00.

b. Exhibit C (¶b): We note that on November 17, 2010, attorneys Marcia Goldstein (\$990), Bruce Meyer (\$885), Robert Lemons (\$780), Victoria Vron (\$630), David Griffiths (\$515), and Debora Hoehne (\$515) attended a hearing. The total time spent, including preparation and non-working travel time, was 23.0 hours, for total fees of \$14,795.75.”

The November 17, 2010 hearing involved a unique situation. This was a contested hearing regarding the 2004 Motion. Mr. Meyer (partner, Litigation Department), Mr. Lemons (partner,

BFR), and Ms. Vron (associate, BFR) prepared for this contested matter and were the attorneys most knowledgeable about the Debtors' objection to the 2004 Motion. However, Mr. Lemons was unable to attend the hearing in person due to an injury. Judge Carey authorized Mr. Lemons to attend the hearing telephonically, but requested that another attorney appear at the hearing in person to argue the objection. Accordingly, Marcia Goldstein, who was the other BFR partner with knowledge of these chapter 11 cases, attended the hearing and argued the Debtors' objection to the 2004 Motion. Mr. Lemons was still necessary to participate by phone, however, because he had specific knowledge about certain issues relevant to the 2004 Motion that Ms. Goldstein did not. Weil agrees to reduce its fees, however, by \$824.00, representing the fees of David Griffiths and Debora Hoehne who listened in to the hearing. Therefore, the fees for this hearing should be allowed in the amount of \$13,971.75.

RESPONSE EXHIBIT “4”

Attorney	Date	City	Hotel Name	Number of Nights' Stay	Itemized Charges
Christopher Cox	August 3, 2010	New York City	The Sherry Netherland	2 nights July 25, 2010- July 27, 2010	<u>Nightly Rate</u> \$409.00 <u>NY Sales Tax</u> \$36.30 <u>Occupancy Tax</u> \$24.03 <u>Room Occupancy Tax</u> \$2.00 <u>Javits Center Tax:</u> \$1.50 Total: \$945.66
Christopher Cox	August 19, 2010	New York City	The Sherry Netherland	5 nights August 1, 2010- August 6, 2010	<u>Nightly Rate</u> \$409.00 <u>NY Sales Tax</u> \$36.30 <u>Occupancy Tax</u> \$24.03 <u>Room Occupancy Tax</u> \$2.00 <u>Javits Center Tax:</u> \$1.50 Total: \$2,364.15

Christopher Cox	September 8, 2010	New York City	Hilton	5 nights August 9, 2010 - August 14, 2010. The nightly rate varied during Mr. Cox's five night stay.	<u>Nightly Rate</u> 8/9-8/10: \$349.00 8/11-8/14: \$369.00 <u>NY Sales Tax</u> 8/9-8/10: \$30.97 8/11-8/14: \$32.75 <u>Occupancy Tax</u> 8/9-8/10: \$20.50 8/11-8/14: \$21.68 Room <u>Occupancy Tax</u> \$2.00 <u>Javits Center Tax:</u> \$2.00 Total: \$2,088.73
Bruce Meyer	November 18, 2010	Wilmington Delaware	PH Hotel Dupont	1 night August 16, 2010	Room <u>Service Dinner</u> \$32.60 <u>Nightly Rate</u> \$469.00 State <u>Lodging Tax</u> \$37.52 <u>City Tax</u> \$9.38 Total: \$548.50

RESPONSE EXHIBIT “5”

Attorney	Departure Address	Destination	Date	Explanation
Christopher Schmoller	San Francisco Airport	Home	August 14, 2010	Mr. Schmoller landed into San Francisco Airport at 10:00 pm. Since there is not an abundance of cabs at this time, a car was ordered for safety and convenience purposes.
Christopher Cox	JFK Airport	Hilton Hotel 1335 Avenue of the Americas New York, NY 10019	August 9, 2010	Mr. Cox took a yellow cab from the JFK Airport to the Hilton Hotel. A car service was not used.
Gregory Kau	Newark Airport	GM Building 767 5 th Avenue New York, NY 10153		Mr. Kau, along with Ms. Schiller (partner, Litigation Department), ordered a car from a car service because they were on a deadline to prepare a motion to compel/preclude on an expedited basis. Because time was of the essence, they found it in the Debtors’ best interest to order a car rather than to wait for a yellow cab.

Phillip Gdanski is a paralegal in the Litigation Department. In preparation for the trial on August 16, 2010 (that was at the last minute cancelled because of the settlement of the FDIC Litigation), Mr. Gdanski took a car to Dover, Delaware, carrying with him 3 spare laptops, in case any of the attorney’s laptops failed during trial, and materials that would be needed at trial. The equipment was too heavy for Mr. Gdanski to carry on the

train. Additionally, he was carrying very expensive equipment with him, making it even more necessary to take a black car for security purposes. Therefore, the expenses incurred for travel purposes should be allowed in the full amount of \$669.43.



Iris Data Services
 1050 Parkdale Drive
 Fairview, TX 75069

Invoice

Invoice #: 10024080004
 Invoice Date: 7/31/2010
 Due Date: 8/30/2010
 Terms: Net 30
 Client Matter: 78221.0007
 P.O. Number:

Bill To:

Weil, Gotshal & Manges LLP
 Kristine Yoda
 1300 Eye Street, NW, Suite 900
 Washington, DC 20005

Ship To:

Item	Description	Quantity	Rate	Amount
	DOCUMENT REVIEW			
Document Review	First Level Review (Hours)	2,134.84	50.00	106,742.00
Document Review	First Level Review (Hours) - Overtime Rates	175.75	75.00	13,181.25
Document Review	Team Lead - Quality Control and Team Management (Hours)	240.36	95.00	22,834.20
Document Review	Management - Search Duties, Batch Duties, and Project Management (Hours)	96	150.00	14,400.00
	Project Name: ABC v Advanta			
	Account Manager: Irvin Marchand 202-680-9494 imarchand@irisds.com			

Please remit to:
 Iris Data Services, LLC
 1050 Parkdale Drive
 Fairview, Texas 75069

Sales Tax (0.0%)	\$0.00
Total	\$157,157.45

Accounts Payable Contact: Kent Teague
 kteague@irisds.com 972-569-9555
 www.irisds.com Tax ID# 76-0846281

Balance Due \$157,157.45

Iris Data Services

Reviewer	Hours	Role	Rate
Lisa P.	43	Asst. Project Manager	\$ 150
Brandon M.	53	Project Manager	\$ 150
Collette K.	45.5	QC/Lead	\$ 95
Adam C.	102.49	QC/Lead	\$ 95
Jennifer O.	10.5	QC/Lead	\$ 95
Phillip S.	81.87	QC/Lead	\$ 95
Andrew A.	22.88	Reviewer	\$ 50
Louisa A.	50	Reviewer	\$ 50
Valerie B.	49.2	Reviewer	\$ 50
Allison B.	59.75	Reviewer	\$ 50
Aaron B.	60.34	Reviewer	\$ 50
Elise B.	92.3	Reviewer	\$ 50
Alex C.	61.65	Reviewer	\$ 50
Nathan C.	49.95	Reviewer	\$ 50
Julie D.	50	Reviewer	\$ 50
Phillip D.	40.5	Reviewer	\$ 50
Debbie D.	45.75	Reviewer	\$ 50
Richard F.	64.13	Reviewer	\$ 50
Christine G.	44.75	Reviewer	\$ 50
Wes H.	43.5	Reviewer	\$ 50
Yolanda H.	43.5	Reviewer	\$ 50
Christine H.	51.25	Reviewer	\$ 50
Melissa H.	46.75	Reviewer	\$ 50
Pamela H.	42.25	Reviewer	\$ 50
Michelle J.	48.5	Reviewer	\$ 50
Kraft, K.	61.75	Reviewer	\$ 50
Collette K.	56.67	Reviewer	\$ 50
Elizabeth M.	45.75	Reviewer	\$ 50
Christine M.	47	Reviewer	\$ 50
Steve M.	48.25	Reviewer	\$ 50
Katie M.	49	Reviewer	\$ 50
Gerrilou M.	47.75	Reviewer	\$ 50
Zachary N.	47.5	Reviewer	\$ 50
Jeremy N.	87.9	Reviewer	\$ 50
Michael O.	37.75	Reviewer	\$ 50
Craig P.	49.5	Reviewer	\$ 50
Jeffrey P.	49	Reviewer	\$ 50
Ryan P.	49.5	Reviewer	\$ 50
Linda R.	44.75	Reviewer	\$ 50
Darla R.	40.25	Reviewer	\$ 50
Rebecca R.	47.75	Reviewer	\$ 50

Melissa R.	89.28	Reviewer	\$	50
Ronald R.	91.5	Reviewer	\$	50
Lisa S.	47.83	Reviewer	\$	50
Petrea T.	48	Reviewer	\$	50
Kelly T.	46.75	Reviewer	\$	50
Ryan T.	45.25	Reviewer	\$	50
Kathleen W.	37.83	Reviewer	\$	50
Travis W.	42.5	Reviewer	\$	50
Timothy W.	35.38	Reviewer	\$	50
Paul Y.	49.25	Reviewer	\$	50

Total Hours: 2646.95

Total Amount: \$157,157.45