

ELIZABETH M. MCKEEVER
MEMBER, NJ, NY AND DC BARS
DIRECT DIAL NO.: 973-889-4376
E-MAIL ADDRESS: EMMCKEEVER@PBNLAW.COM

March 29, 2006

VIA MESSENGER

Surrogate's Office
Burlington County Superior Court
49 Rancocas Road, Room 102
Mount Holly, NJ 08060

Re: *Fleer Collectibles, LLC – Assignment for the Benefit of Creditors*
Docket No. P-2005-1408

Our File No.: 00553.66065

Dear Sir/Madam:

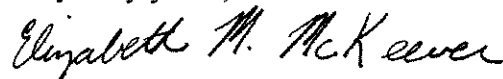
Enclosed please find the following documents in connection with the above-referenced matter:

1. Notice of Motion for Order Authorizing Assignee To Provide Compensation For Services Rendered And Reimbursement Of Expenses To Professionals For The Period From October 1, 2005 Through January 31, 2006;
2. Assignee's Authorization To Provide Compensation For Services Rendered And Reimbursement Of Expenses To Professionals For The Period From October 1, 2005 Through January 31, 2006; and
3. Proposed Order

Kindly file same and return one copy marked "filed" to me in the envelope provided.

If you have any questions or concerns, please feel free to contact me.

Very truly yours,



Elizabeth M. McKeever

EMM/jmg
Enclosure

cc: Honorable Ronald E. Bookbinder, J.S.C. (Via Messenger)
All Parties on Attached Core Service List

100 SOUTHGATE PARKWAY, P.O. BOX 1997
MORRISTOWN, NJ 07962-1997
NEW YORK CITY OFFICE: 212-265-6888
BRICK NJ OFFICE: 732-262-9248
www.pbnlaw.com

PORZIO, BROMBERG & NEWMAN, P.C.

100 Southgate Parkway
Morristown, NJ 07962-1997
Telephone (973) 538-4006
Fax (973) 538-5146

Attorneys Appearing: John S. Mairo (JM-0670)
Brett S. Moore (BM-0014)
Elizabeth M. McKeever (EM-9715)

Attorneys for Warren J. Martin Jr., Assignee for the
Benefit of Creditors of Fleer Collectibles, LLC

In the Matter of the General Assignment for
the Benefit of Creditors of FLEER
COLLECTIBLES, LLC,

Assignor,

to

WARREN J. MARTIN JR.,

Assignee.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, PROBATE PART
BURLINGTON COUNTY

DOCKET NO: P-2005-1408

**NOTICE OF MOTION FOR ORDER AUTHORIZING ASSIGNEE TO
PROVIDE COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES TO PROFESSIONALS FOR THE
PERIOD FROM OCTOBER 1, 2005 THROUGH JANUARY 31, 2006**

TO: ALL PARTIES ON ATTACHED CORE SERVICE LIST

PLEASE TAKE NOTICE that Warren J. Martin Jr. (the "Assignee"), Assignee for the Benefit of Creditors of Fleer Collectibles, LLC ("Fleer Collectibles"), by and through his counsel, Porzio, Bromberg & Newman, P.C., shall move before the Honorable Ronald E. Bookbinder, J.S.C., a Judge of the Superior Court of the State of New Jersey, on the 20th day of April, 2006 at 1:30 p.m., or as soon thereafter as counsel may be heard, at the Superior Court of New Jersey, Chancery Division, Probate Part, Burlington County, 49 Rancocas Road, Mt. Holly,

New Jersey 08060, for entry of an Order Authorizing Assignee to Provide Compensation and Reimbursement of Expenses to Professionals for the Period from October 1, 2005 through January 31, 2006.

PLEASE TAKE FURTHER NOTICE that the Assignee will rely upon the attached Assignee's Application for Authorization to Provide Compensation for Services Rendered and Reimbursement of Expenses to Professionals for the Period from October 1, 2005 through January 31, 2006 (the "Motion"), together with the argument of counsel and any testimony that the Court may require on the return date of the Motion.

PLEASE TAKE FURTHER NOTICE that if you fail to oppose the Motion, the Court may enter an Order Approving the Motion without further notice to you. A proposed form of Order is submitted herewith.

DATED: March 29, 2006

PORZIO, BROMBERG & NEWMAN, P.C.

By: Elizabeth M. McKeever
Elizabeth M. McKeever (EM-9715)

Attorneys for Warren J. Martin Jr., Assignee for the Benefit of Creditors of and Fler Collectibles, LLC

**FLEER/SKYBOX INTERNATIONAL LP
ASSIGNMENT FOR THE BENEFIT OF CREDITORS
CORE SERVICE LIST**

Name	E-Mail Address	Representing:	Reg. Mail	E-Mail
Alex Grass Grass Companies 1000 North Front Street Suite 503 Wormleysburg, PA 17043	Agrass2140@aol.com		X	X
Allison Villafane	Allison.villafane@nfl.com			X
Benjamin Mintz, Esq. c/o Kaye Sholer LLP 425 Park Avenue New York, NY 10022	bmintz@kayescholer.com	4Kids Entertainment	X	X
Brad Horne Collectsports.Net 1028 South Edisto Drive Florence, SC 29501			X	
Chasta Nicole Williams, Esq. Alston & Bird LLP One Atlantic Center 1201 West Peachtree Street Atlanta, GA 30309-3424	cnwilliams@alston.com	Dynamic Graphic Finishing, Inc.	X	
Clinton Jensen 20 Water St. Granville, MA 01034	Cdjensen1@yahoo.com			X
Curtis L. Golkow, Esq. Hal Baume, Esq. Ian Meklinsky, Esq. Fox Rothschild LLP Princeton Pike Corporate Center 997 Lenox Drive, Building 3 Lawrenceville, NJ 08648	cgolkow@foxrothschild.com hbaume@foxrothschild.com imeklinsky@foxrothschild.com	Fleer/Skybox International LP	X	X
Diana Barker Lane Powell PC 601 SW Second Avenue, Suite 2100 Portland, OR 97204-3158 Direct: 503.778.2238	docketing-pdx@lanepowell.com barkerd@lanepowell.com			X
Eric L. Scherling, Esq. Neal Colton, Esq. Cozen O'Connor 1900 Market Street Philadelphia PA, 19103	eschering@cozen.com ncolton@cozen.com	MLB Players	X	X

Name	E-Mail Address	Representing:	Reg. Mail	E-Mail
Ethan Orlinsky, Esq.	ethan.orldnsky@mlb.com			X
Gary S. Stetz	gary@sbcpas.com			X
James W. Adelman, Esq. Morris & Adelman, P.C. PO Box 30477 Philadelphia, PA 19103-8477	jwadelman@morrisadelman.com	Digidel, Inc.		X
Jeff Levitan, Esq. Proskauer Rose 1585 Broadway New York, NY 10036-8299	jlevitan@proskauer.com	NBA	X	X
Jeffrey Posta, Esq. Sterns & Weinroth One State Street Square Office Building 50 West State Street, Suite 1400 Trenton, New Jersey 08607	jposta@sternslaw.com	Dynamic Graphics	X	X
Jennifer Simms, Esq.	jennifer.simms@mlb.com			X
Joe Threston Burlington County Consumer Affairs 49 Rancocas Road Mt. Holly, NJ 08060	jthreston@co.burlington.nj.us		X	X
John Harris, Esq. Epstein Becker & Green 250 Park Avenue New York, New York 10177- 1211	jharris@ebglaw.com	4Kids Entertainment	X	X
Joseph A. Gorman, Esq. Neal Solomon, Esq. Pellettieri, Rabstein & Altman Tarnsfield Plaza Suite 6 790 Woodlane Road Mount Holly, NJ 08060	jgorman@pralaw.net nsolomon@pralaw.com	MLB Properties	X	X
Joseph W. Beatty, Esq. Keith Owens, Esq. Foley & Lardner LLP One Maritime Plaza Suite 600 San Francisco, CA 94111	jbeatty@foley.com kowens@foley.com	MLB Properties	X	X

Name	E-Mail Address	Representing:	Reg. Mail	E-Mail
Julie Stewart, Esq. Leslie Cohen, Esq. Liner, Yankelevitz Sunshine & Regenstreif LLP 1100 Glendon Avenue, 14 th Floor Los Angeles, Ca 90024-3503	jstewart@linerlaw.com lcohen@linerlaw.com	Upper Deck		X
Justin H. Bass, Esq. Vice President, Legal Affairs CSI Capital Management 445 Bush Street, 4 th Floor San Francisco, CA 94108	jhbass@csicapital.com	S31T, Inc. and Kenyon Martin		X
Karl Geercken, Esq. Alston & Bird LLP 90 Park Avenue New York, NY 10016-1387	kgeercken@alston.com	Dynamic Graphic Finishing, Inc.	X	
Lazer Photo Engraving, Inc 70 Bernmar Park Rochester, NY 14624			X	
Lynn Larson, Esq. Law Office of Tim Sweeney	lynn@timsweeneylaw.com	Visions in Flight		X
Matthew Kline NHL Enterprises, LP 1251 Ave of the Americas New York, NY 10020	mkline@nhl.com			X
Menachem O. Zelmanovitz, Esq. Morgan, Lewis & Bockius LLP 101 Park Avenue New York, NY 10178-0060	Mzelmanovitz@morganlewis.com	NFL		X
Michael A. Bernstein Senior Corporate Counsel The Upper Deck Company, LLC 5909 Sea Otter Place Carlsbad, CA 92008	michael_hulme@upperdeck.com	Upper Deck		X
Michael J. O'Donoghue, Esq. Wisler, Pearlstine, Talone, Craig, Garrity & Potash, LLP Office Court at Walton Point 484 Norristown Road, Suite 100 Blue Bell, PA 19422-2326	mod@wispearl.com	Great Atlantic Graphics, Inc.		X

Name	E-Mail Address	Representing:	Reg. Mail	E-Mail
Morton, R. Branzburg, Esq. Carol A. Slocum, Esq. Klehr, Harrison, Harvey Branzburg & Ellers, LP 457 Haddonfield Road Suite 510 Cherry Hill, NJ 08002-2220	cslocum@klehr.com	Alex Grass	X	X
Myron A. Bloom, Esq. Hangley, Aronchick 27 th Floor, One Logan Square Philadelphia, PA 19103	mbloom@hangley.com mab@hangley.com	Liss Global		
Neil Walker C/o The Show 30750 US Hwy. 19N Palm Harbor, FL 34684		Neil Walker	X	
Noah Shube, Esq. Friedman & Shube 155 Spring Street Fifth Floor New York, NY 10012	nshube@yahoo.com	B&E Collectibles	X	X
Paul V. Shalhoub, Esq. R. Strickland, Esq. Willkie Farr & Gallagher LLP 787 Seventh Avenue New York, N.Y. 10019-6099	pshalhoub@wilkie.com rstrickland@wilkie.com	Topps		X
Perry S. Warren Maselli Warren 600 Alexander Road Princeton, NJ 08540	pwarren@maselliwarren.com	PSS Warehouse		X
Peter H. Sutton, Esq. Riemer & Braunstein LLP Three Center Plaza Boston, MA 02108	psutton@riemerlaw.com	Ted Williams Family Enterprises		X
Peter Miller Professional Sports Publications 570 Elmont Road Dept. 203 Elmont, NY 11003	pmiller@proyearbooks.com			X
Ralph Gallo 224 Rosalind Avenue Gloucester, NJ 08030			X	

Name	E-Mail Address	Representing:	Reg. Mail	E-Mail
Shelly Liss Liss Global	sliss@lissglobal.com			X
Warren Friss Topps Company, Inc. One Whitehall Street New York, NY 10004	wfriss@topps.com			X
Yaquinto Printing 4809 S. Westmoreland Dallas, TX 75237			X	
Amy Onder, Esq. Wolf, Block, Schorr and Solis- Cohen LLP 1650 Arch Street, 22nd Floor Philadelphia, PA 19103	aonder@wolfblock.com	Republic First Bank		X
Joe O'Connor	Joe.OConnor@alcoa.com	Southern Graphic Systems		X

PORZIO, BROMBERG & NEWMAN, P.C.

100 Southgate Parkway

Morristown, NJ 07962-1997

Telephone (973) 538-4006

Fax (973) 538-5146

Attorneys Appearing: John S. Mairo (JM-0670)
Brett S. Moore (BM-0014)
Elizabeth M. McKeever (EM-9715)

Attorneys for Warren J. Martin Jr., Assignee for the
Benefit of Creditors of Fleeer Collectibles, LP

In the Matter of the General Assignment for
the Benefit of Creditors of FLEER
COLLECTIBLES, LP

Assignor,

to

WARREN J. MARTIN JR.,

Assignee.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, PROBATE PART
BURLINGTON COUNTY

DOCKET NO: 2005-1408

**ASSIGNEE'S APPLICATION FOR AUTHORIZATION TO PROVIDE
COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES TO PROFESSIONALS FOR THE
PERIOD FROM OCTOBER 1, 2005 THROUGH JANUARY 31, 2006**

WARREN J. MARTIN, JR. (the "Assignee"), Assignee for the Benefit of Creditors of Fleeer Collectibles, LLC ("Fleeer Collectibles"), by and through his counsel, Porzio, Bromberg & Newman, P.C. ("Porzio"), by way of Application For Authorization to Provide Compensation for Services Rendered and Reimbursement of Expenses to Professionals for the Period from October 1, 2005 through January 31, 2006 (the "Fee Application"), respectfully states as follows:

BACKGROUND

1. The Assignee was designated pursuant to a Deed of Assignment for the Benefit of Creditors (the "Assignment") dated June 8, 2005, registered with the Burlington County Clerk's office on June 10, 2005 (the "Assignment Date"), and an Amended and Restated Deed of Assignment for the Benefit of Creditors dated July 14, 2005, registered with the Burlington County Clerk's office on July 18, 2005.

2. Fleer Collectibles was primarily in the business of producing and selling die-cast miniature replica vehicles through a staff of approximately sixty (60) full-time employees. Prior to the Assignment Date, Fleer Collectibles had ceased all operations and terminated all employees.

3. On October 21, 2005, the Assignee filed an Application for Payment of Professional Fees to Attorneys and Accountants (the "First Fee Application"), in which he sought authority to provide compensation for services rendered and reimbursement of expenses to attorneys and accountants from the Assignment Date through September 30, 2005.

4. In the First Fee Application, the Assignee sought authority to pay fees in the amount of \$267,282.19, and reimbursement of expenses in the amount of \$79,562.04, for services performed by Porzio, special counsel Fox Rothschild, LLP ("Fox Rothschild"), and accountants Stetz, Belgiovine & Manwarren (the "Stetz Firm"). This Court approved the First Fee Application on November 30, 2005 and awarded a total of \$346,844.23 in compensation and reimbursement of expenses. The Court also awarded a 10% commission in the Fleer Collectibles case to the Assignee. Each of the previous fee and commission awards have been paid by the

Assignee and thus all professionals have been paid for their services through September 30, 2005. No professional has been paid for any services performed after September 30, 2005.

5. Accordingly, the instant Fee Application covers the period from October 1, 2005 through January 31, 2006 (the "Compensation Period") and represents the Assignee's second request to provide compensation for services rendered and reimbursement of expenses to professionals.

6. In this Fee Application, the Assignee seeks to make payment only to the firm of Porzio. The Assignee does not seek to pay compensation to Fox Rothschild or the Stetz Firm, as neither firm has provided services related to the Fleer Collectibles' assignment case during the instant Compensation Period. The Assignee does not seek any further commission for himself in this proceeding.

Status of Estate Funds

7. On July 14, 2005, the Assignee held a court-approved auction (the "Auction") of substantially all of the assets of Fleer Collectibles, together with certain intellectual property belonging to Fleer/Skybox International, LP ("Fleer/Skybox"), the parent company of Fleer Collectibles.

8. The winning bidder at the Auction was FSB Acquisition Company, LLC, an entity related to the Upper Deck Company ("Upper Deck"), which purchased the combined Fleer/Skybox and Fleer Collectibles Assets for \$6,100,000.00 (the "Winning Bid"). In connection with its Winning Bid, Upper Deck allocated \$3,500,000.00 to the Fleer/Skybox estate, leaving \$2,600,000.00 for the Fleer Collectibles estate.¹

¹ The Allocation was approved by Court Order (1) Affirming the Assignee's Decision to Continue to Administer the Fleer/Skybox and Fleer Collectibles Estates Separately and, (2) Approving an Allocation of the Auction Proceeds Between the Fleer/Skybox and Fleer Collectibles Estates Based on the Fair Market Values of the Assets Sold from Each Estate (the "Allocation Motion"), dated November 30, 2005.

9. In addition to the \$2.6 million brought in to this Fleer Collectibles estate through the Auction, the Assignee has also collected other sums on behalf of the Fleer Collectibles estate through such efforts as collection of accounts receivable and interest payments. The aggregate amount of money received into the estate is \$2,828,217.69 (partially and collectively, the "Estate Funds").

10. In accordance with this Court's prior Order dated January 20, 2006, the Assignee has used \$1,908,267.63 of the Estate Funds to make a 100% distribution on each valid claim filed against the estate as of the Distribution date (the "Distributions").

11. Moreover, the Assignee has used \$548,520.21 of the Estate Funds to pay professional compensation and expenses and Assignee's commission. The Assignee has also used Estate Funds totaling \$146,754.27 to pay such miscellaneous expenses as insurance premiums, filing fees, appraisal costs and consulting services.

12. The current balance of Estate Funds is \$224,675.58.²

Services of Porzio, Bromberg & Newman, P.C. on Behalf of the Fleer Collectibles Estate

13. On July 1, 2005, the Court entered an Order Authorizing Retention of Porzio *nunc pro tunc* to June 8, 2005, as attorneys to represent the interests of the Assignee.

14. During the Compensation Period, Porzio expended a total of 819.4 hours in performing its duties as counsel to the Assignee and is seeking fees in the amount of \$113,042.17 for these services. *See* Certification of John S. Mairo, Esq. in Support of Second Request for Compensation for Services Rendered by Porzio, Bromberg & Newman, P.C. from October 1, 2005 through January 31, 2006 (the "Mairo Certification"), attached hereto as **Exhibit "A"**.

² Provided this Application is allowed in full, the Assignee will have \$111,633.41 remaining in the estate to resolve some miscellaneous late claims that come in after the Distribution, as well as any final miscellaneous costs and expenses of closing the case.

15. By way of summary, the nature of services rendered by Porzio attorneys and paraprofessionals during this second application period are as follows:

a) Analysis of Claims and Distributions to Creditors

16. Porzio's attorneys and paraprofessionals conducted intensive investigations with regard to the validity of all claims submitted against the estate. Paraprofessionals created a database and logged all creditor proof of claim information into this database. Counsel, paraprofessionals and the former Fleer Chief Financial Officer reviewed and analyzed all claims, accounts receivable records, accounts payable records and other pertinent records available to determine the validity of these claims. *Id.* at ¶12.

17. Porzio's attorneys and IT professionals set up a working "mirror Fleer" computer system at Porzio to assist the Assignee in obtaining proofs and back-up on all payments to creditors, to be able to access and analyze creditor claims quickly and efficiently. *Id.* at ¶13.

18. Counsel also reviewed statutory and case law regarding contingent claims by creditors in an assignment, claims for damages that accrued post-assignment, and an insolvent purchaser's duty to pay for custom manufactured goods. *Id.* at ¶14.

19. After substantially reviewing the claims, counsel drafted the Assignee's First Verified Omnibus Exceptions to Claims of Creditors (the "Claims Motion") to allow, modify or expunge each claim. Counsel and paraprofessionals detailed the Assignee's objections and findings regarding numerous claims and submitted this information to the Court. *Id.* at ¶15.

20. Porzio's attorneys noticed all creditors and conferred with a number of those creditors against whose claims an objection was raised. Counsel reviewed and analyzed creditors' objections to the Claims Motion and corresponded with all creditors whose claims

were being adjourned or resolved. Counsel negotiated various settlements between the Assignee and creditors. *Id.* at ¶16.

21. As a result of the objections filed and prosecuted by counsel, claims in the case, which were originally filed in the amount of \$6,588,628.69 were reduced to \$1,908,267.63. *Id.* at ¶17.

22. Finally, counsel and paraprofessionals calculated the amount of Fleer Collectibles' assets remaining for distribution, prepared a final distribution schedule for Fleer Collectibles' proofs of claim, drafted a motion to the Court for approval of distributions, imaged all claims being partially or fully awarded and forwarded these to the Court, participated in the hearing regarding the distribution and attended to service and notice issues relating to the distribution. *Id.* at ¶18.

23. As stated previously, a 100% distribution was made to all valid creditors with properly filed claims. *Id.* at ¶19.

24. The services described in this Section "a" covered approximately 85 hours of attorney time and 80 hours of paraprofessional time, representing approximately \$22,605.00 in legal fees, which is approximately 20 percent of the total fees requested in this Fee Application. *Id.* at ¶20.

b) Analyzing Additional Claims/Valuing Estates/Substantive Consolidation

25. Porzio's attorneys conducted preference analyses in order to potentially recover money for the estate. Counsel researched statutory and case law with regard to avoidance actions and sale issues. Counsel also researched potential defenses to preference actions in an assignment case. *Id.* at ¶21.

26. The recreated Fleer financial records system enabled the Assignee to not only analyze claims against the estate, as described above, but enabled counsel to investigate offensive litigation to bring additional assets into the estate. *Id.* at ¶22.

27. Porzio's attorneys also investigated the proper allocation of funds between Fleer/Skybox and Fleer Collectibles. Specifically, counsel conducted research and prepared a brief regarding administrative and substantive consolidation, the valuation of the Fleer assets and the Fleer entities, and the allocation of funds recovered in the Assignee's auction. Additionally, Porzio's attorneys and paraprofessionals participated in hearings regarding the motion concerning substantive consolidation. *Id.* at ¶23.

28. The services described in this Section "b" covered approximately 50 hours of attorney time, 5 hours of paraprofessional time, and 5 hours of information technology specialist time, representing approximately \$7,915.00 in legal fees, which is approximately 7 percent of the total fees requested in this Fee Application. *Id.* at ¶24.

c) Review and Organization of Corporate Records

29. In order to support the Assignee's resolution of issues related to the cessation of Fleer Collectibles' business, as well as performing his statutory duties under the Assignment Statute, N.J.S.A. 2A: 19-1 *et seq.* (the "Assignment Statute"), Porzio's attorneys and paraprofessionals developed a protocol for the review of all corporate records retrieved from Fleer's corporate headquarters. *Id.* at ¶25.

30. Porzio's paraprofessionals reviewed Fleer's voluminous financial, marketing and administrative records consisting of twelve pallets and over 800 boxes of documents, identified information pertinent to the Assignment proceeding and prepared an index for all records requiring retention. These services were essential to the analysis of potential claims against third

parties, including former management. These services also enabled the Assignee to assist Fleer's pension administrator with obtaining information necessary to service the pensions of Fleer's employees. *Id.* at ¶26.

31. The services described in this Section "c" were performed at the lowest appropriate billing level, covering approximately 315 hours of paraprofessional time, representing approximately \$42,955.00 in legal fees, which is approximately 38 percent of the total fees requested in this Fee Application. *Id.* at ¶27.

d) Public Notice and Creditor Relations

32. In compliance with noticing requirements, Porzio's attorneys and paraprofessionals notified creditors and other parties-in-interest of various Court hearings, conferred with creditors regarding various issues and addressed their concerns, advised the Assignee with respect to conducting media interviews and reviewed media articles for accuracy. *Id.* at ¶28.

33. Counsel and paraprofessionals also assisted the Assignee with maintaining the web site, www.fleerabc.com, which serves to update creditors on the progress of the Assignment proceeding, provide all filed pleadings immediately available for downloading by creditors, answer creditors' numerous frequently asked questions and make the Assignee's contact information available to creditors. In order to maintain the Assignee's web site and to comply with the Asset Purchase Agreement reached with Upper Deck, counsel also responded to concerns related to intellectual property rights and the use of the Assignee's web site. *Id.* at ¶29.

34. In addition, Porzio's attorneys and paraprofessionals addressed other creditor-related issues. Counsel conferred with various taxing authorities to discuss the assignor's tax liability, and researched and prepared a memorandum regarding the Assignee's duty with respect

to pre-assignment tax claims and the relative priority of claims for distribution purposes. *Id.* at ¶30.

35. The services described in this Section "d" covered approximately 30 hours of attorney time and 20 hours of paraprofessional time, representing approximately \$6,785.00 in legal fees, which is approximately 6 percent of the total fees requested in this Fee Application. *Id.* at ¶31.

e) Analysis of Secured Creditors' Claims

36. In order to protect the assets of the estate for distribution to unsecured creditors, Porzio's attorneys and paraprofessionals investigated secured creditor, Alex Grass's claim against the estate. *Id.* at ¶32.

37. The Assignee's information technology specialists relocated Fleeer's financial system's hardware which contained information regarding secured claims, assisted with the extraction and review of archived financial data from Fleeer's SAP database, and assisted with the preparation of reports in relation to the same. *Id.* at ¶33.

38. Counsel, paraprofessionals and Fleeer's former Chief Financial Officer reviewed Alex Grass's claim against the estate, reviewed records of financial payments to Alex and Roger Grass, reviewed the general ledger accounts in regards to Alex Grass, and conferred with the Assignee's accountants concerning Alex Grass's bank accounts and wire transfers. *Id.* at ¶34.

39. This work resulted in a negotiated resolution, pursuant to which Alex Grass's claim against the Fleeer Collectibles estate of \$2,050,000.00 was disallowed and transferred to the Fleeer/Skybox case, allowing a 100% distribution in this case to all creditors. *Id.* at ¶35.

40. The services described in this Section "e" covered approximately 15 hours of attorney time and 5 hours of information technology specialist time, representing approximately

\$2,830.00 in legal fees, which is approximately 2.5 percent of the total fees requested in this Fee Application. *Id.* at ¶36.

f) Legal Strategy and Case Administration

41. In order to move the Assignment forward in the most efficient and economic manner, Porzio's attorneys and paraprofessionals assisted the Assignee in resolving issues related to the cessation of Fleer Collectibles' business, as well as performing his statutory duties under the Assignment Statute. Porzio's attorneys and paraprofessionals managed incoming invoices, notices and other business-related documents forwarded to the Assignee, terminated phone, broadband and other service-related accounts formerly held by Fleer and worked with the Assignee's accountants to issue appropriate tax forms to those former employees of Fleer who generated income from Fleer post-assignment. *Id.* at ¶37.

42. Additionally, counsel evaluated the status of various insurance policies obtained by the Assignee for the protection of the estate, determined the need to continue or discontinue these policies, as appropriate, and oversaw the cancellation of certain policies. Counsel also managed the payment of all premiums on the continued policies, and reconciled premium payments and earned premium calculations and reviewing correspondence regarding payments not made. *Id.* at ¶38.

43. Furthermore, counsel reviewed and analyzed case law pertaining to the duties of an assignee during final and intermediate accountings, distributions and following an assignment. Counsel also reviewed statutes and court rules to determine the appropriate steps in properly closing out an assignment case. Counsel drafted a memorandum and timetable analyzing these concerns. *Id.* at ¶39.

44. The services described in this Section "f" covered approximately 30 hours of attorney time and 60 hours of paraprofessional time, representing approximately \$12,435.00 in legal fees, which is approximately 11 percent of the total fees requested in this Fee Application. *Id.* at ¶40.

g) Fee Applications

45. Porzio's attorneys and paraprofessionals prepared the application for the reimbursement of professional and other administrative fees related to the First Fee Application and this second Fee Application.³ Counsel researched case and statutory law regarding procedures for obtaining reimbursement of fees and standards for awarding an Assignee's commission. In addition, attorneys and paraprofessionals reviewed billing records and prepared the motion papers, not only for Porzio but for all professionals retained by the Assignee in this case. *Id.* at ¶41.

46. At the Court's request, Porzio's attorneys also revised disbursement descriptions to more accurately explain the expenses incurred by Porzio on behalf of the estate. *Id.* at ¶42.

47. The services described in this Section "g" covered approximately 50 hours of attorney time and 75 hours of paraprofessional time, representing approximately \$17,520.00 in legal fees, which is approximately 15.5 percent of the total fees requested in the Fee Application. *Id.* at ¶43.

48. The services rendered herein have all been beneficial to Fler Collectibles' estate and its creditors.

³ Additional fee application preparation time took place after the Compensation Period and is, therefore, not covered by this Fee Application.

LEGAL AUTHORITY

I. Administrative Expenses Must be Paid Prior to Non-Administrative Claims.

49. It is well-settled that administrative expenses take precedence over all non-administrative claims in an assignment for the benefit of creditors proceeding. *See Spark v. La Reine Hotel Corp.*, 112 N.J. Eq. 398 (Ch. 1933); *Seindler v. Branford Restaurant*, 97 N.J. Eq. 531 (1925). As articulated by the *Holly Knitwear* court:

[A] substantial line of cases has held that administrative expenses must take priority over all other claims. These general expenses of receivership⁴ may be paid out of the funds in a receiver's hands before the payment of debts, whether the latter be secured or unsecured. *Laudan v. ABC Travel Systems Inc.*, 64 N.J. Super. 204 (Ch. 1960); *Albert and Kernahan v. Franklin Arms*, 107 N.J. Eq. 468 (E.& A.1931); *Pemberton Lumber and Millwork Industries v. William G. Ridgway Co.*, 38 N.J. Super. 383 (Ch. Div. 1955).

In re General Assignment for the Benefit of Creditors of Holly Knitwear, 115 N.J. Super. 564, 570 (Essex County Ct. 1971); *See In re Kampelman*, 165 N.J. Super. 352 (Ch. Div. 1979) (under New Jersey state insolvency law, administrative expenses come first in the distribution of proceeds derived from estate property); *In re Holly Knitwear, Inc.*, 140 N.J. Super. 375 (App. Div. 1976) (administrative claims to be paid ahead of all other claims including federal tax claims); *Martini v. Passaic Men's Shop, Inc.*, 114 N.J. Eq. 194 (Ch. 1933) ("uniform practice of this court to make distribution among creditors...after payment of expenses of administration."); *Albert & Kernahan v. Franklin Arms*, 107 N.J. Eq. 468 (1931) (where there is a "single fund

⁴ Although the *Holly Knitwear* case, itself, was an assignment for the benefit of creditors proceeding, the court referenced the much more prevalent receivership line of cases because New Jersey Court Rule 4:54 provides: "The practice relating to assignments for the benefit of creditors under N.J.S.A. 2A:19-1 *et seq.* shall conform as nearly as practicable to the procedure relating to insolvent corporations." N.J. R. 4:54; *see Rosner v. Plaza Hotel Associates, Inc.*, 146 N.J. Super. 447, 455 (App. Div. 1977).

subject to successive liens" the administrative expenses should be paid first, followed by the claims in their order of priority).

50. Administrative expenses include attorneys' fees, accountants' fees and an assignee's statutory commission.⁵ *Holly Knitwear*, 140 N.J. Super. at 380 (administrative expenses include legal fees); *Pinewood Estates v. Barnegat Township*, 261 N.J. Super. 357, 360 (Law Div. 1992) (administrative expenses include legal fees); *Maurer v. Spearin*, 121 N.J. Eq. 113 (1936) (administrative expenses include accountants' fees); *Lawrence Assoc. v. Lawrence Township*, 5 N.J. Tax 481, 528 (Tax Ct. 1983) (administrative expenses include accountants' fees); *In re General Assignment for Benefit of Creditors of Xaviers, Inc.*, 66 N.J. Super. 561, 574 (App. Div. 1961) (administrative expenses include assignee's commission); *In re Pynn-Hawley Co.*, 63 N.J. Super. 50, 54 (Union County Ct. 1960) (administrative expenses include assignee's commission).

51. Through this Fee Application, the Assignee is seeking authority to pay the professional legal fees of Porzio. These professional fees and the Assignee's commissions are clearly administrative expenses entitled to priority above all other claims.

II. The Court Should Allow The Professional Fees of Porzio in the Amount Requested Herein.

52. As to the amount of compensation courts should allow professionals in an assignment case:

The compensation allowed should be measured by the reasonable value of the services. What is reasonable compensation may and often does vary, depending upon a variety of circumstances in each case. It should bear some fair proportion to the services actually

⁵ Prior to 1963, there was some confusion among the Courts as to whether an Assignee's professional fees were to be paid in addition to, or as part of, his statutory commission. An amendment to the N.J.S.A. 2A:19-43 in 1963 resolved the issue by unequivocally providing that payment of the commission was to be in addition to professional fees. See *Xaviers, Inc.* 66 N.J. Super. at 578. (citing *Atlas Fence Co. v. West Ridgelawn Cemetery*, 135 N.J. Eq. 87 (Ch. 1944)).

rendered, which is not the case in the order or decree under review. Many circumstances doubtless must be considered, such as the labor and time involved, the nature of the litigation, the responsibility imposed, the amount involved and the like.

Franklin Lumber v. Anderson, 105 N.J. Eq. 542, 544 (1930); see *In re New Jersey Refrigerating Comp.* 106 N.J. Eq. 526, 528 (Ch. Div. 1930) (professional fees should be based on "the quality of their work, the quantity of it, and the quantum of the property administered").

53. As detailed above, Porzio's attorneys and paraprofessionals have spent a collective 819.4 hours working on behalf of the Assignee during the Compensation Period. The hourly rates requested by these professionals are their regular and usual hourly rates and represent fair compensation for their services. It is notable that because of the Assignee's careful management of his professionals, the blended hourly rate for these 819.4 hours of legal services performed is \$137.96 per hour. *Id* at ¶.

54. In this matter, the professionals have grappled with such complex and time consuming issues as the numerous licensing and intellectual property issues, the sale of an entire business, creditor claims and associated objections, resolution of accounts receivable, purchase and sale agreements and numerous other services, as detailed above and in the Mairo Certification.

55. The professionals' legal services substantially contributed to the successful liquidation of assets and efficient administration of the estate, and enabled a 100% distribution on all valid claims. Porzio provided essential assistance in coordinating and successfully executing on the distribution.

WHEREFORE, your Petitioner, Warren J. Martin Jr., Assignee for the Benefit of Creditors of Flear Collectibles, LLC, respectfully prays for the entry of an Order authorizing

Assignee to provide compensation to Porzio in the amount of \$113,042.17 for services rendered during the period from October 1, 2005 through January 31, 2006.

DATED: March 29, 2006

PORZIO, BROMBERG & NEWMAN, P.C.

By: *Elizabeth M. McKeever*
Elizabeth M. McKeever

Attorneys for Warren J. Martin Jr., Assignee for the
Benefit of Creditors of Fleer Collectibles, LLC