

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS**

In re:)	
)	Chapter 7
Massachusetts Elephant & Castle Group, Inc., et al. ¹)	
)	Case No. 11-16155 (HJB)
)	(Jointly Administered)
Debtors.)	
)	

**THIRD AND FINAL APPLICATION OF FTI CONSULTING, INC. FOR
ALLOWANCE OF COMPENSATION AND FOR REIMBURSEMENT OF
EXPENSES FOR SERVICES RENDERED IN THE CASE FOR THE
PERIOD JULY 18, 2011 THROUGH MAY 2, 2012**

Name of Applicant:	<u>FTI Consulting, Inc.</u>
Authorized to Provide Professional Services to:	<u>THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF ELEPHANT & CASTLE GROUP, INC.</u>
Date of Retention:	<u>August 31, 2011 (effective July 18, 2011)</u>
Period for which compensation and reimbursement is sought:	<u>July 18, 2012 through May 2, 2012</u>
Amount requested in this fee application Compensation requested:	<u>\$228,089.50</u>
Expense reimbursement requested:	<u>\$4,792.06</u>
This is an (a): <u> </u> Interim <u> X </u> Final Application	

¹ The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The Debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS**

In re:)	
)	Chapter 11
)	
Massachusetts Elephant & Castle Group, Inc., et al. ²)	Case No. 11-16155 (HJB)
)	(Jointly Administered)
)	
Debtors)	
)	

**THIRD AND FINAL APPLICATION OF FTI CONSULTING, INC. FOR
ALLOWANCE OF COMPENSTION AND FOR REIMBURSEMENT OF
EXPENSES FOR SERVICES RENDERED IN THE CASE FOR THE
PERIOD JULY 18, 2011 THROUGH MAY 2, 2012**

Pursuant to sections 330 and 331 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Rule 2016-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the District of Massachusetts (“MLBR”) and this Court’s *Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals* (the “Compensation Procedures Order”), FTI Consulting (“FTI”), as financial advisors to the Official Committee of Unsecured Creditors (the “Committee”) of Massachusetts Elephant & Castle Group, Inc., *et al.* (the “Debtors”), hereby seeks final allowance of \$228,089.50 in fees for services rendered and \$4,792.06 in actual and necessary expenses incurred during these chapter 11 cases (the “Chapter 11 Cases”), including \$8,120.00 in fees for

² The Debtors in these cases are Massachusetts Elephant & Castle Group, Inc., Elephant and Castle of Pennsylvania, Inc., E&C Pub, Inc., Elephant & Castle Inc. (Washington), Elephant & Castle (Chicago) Corporation, Elephant & Castle East Huron, LLC, E&C Capital, LLC, Elephant & Castle Illinois Corporation, E&C Eye Street, LLC, Elephant & Castle International, Inc., Elephant & Castle Pratt Street, LLC, Elephant & Castle Group Inc., Elephant & Castle Canada Inc., Repechage Investments Limited, and Elephant & Castle, Inc. (Texas).

services rendered and \$125.02 in actual and necessary expenses incurred during the period from March 1, 2012 through and including May 2, 2012 (the “Third Application Period”), as well as, \$2,500.00 which represents the estimated fees to prepare and prosecute this Final Fee Application. In further support of this third and final application (the “Third and Final Application”), FTI states as follows:

BACKGROUND

1. On June 28, 2011 (the “Petition Date”), each of the Debtors filed a voluntary petition under chapter 11 of the Bankruptcy Code.
2. On July 12, 2011, the Office of the United States Trustee formed the Committee.
3. On January 27, 2012, this Court approved the sale of substantially all of the Debtors’ assets to Original Joe’s Acquisition Corporation (“OJ’s”), which sale closed on February 3, 2012.
4. Pursuant to that certain *Stipulation and Final Order (A) Authorizing Use of Cash Collateral; (B) Granting Adequate Protection; (C) Authorizing Various Carve-Outs from Lender’s Collateral and (D) Granting Related Relief* (the “Final Cash Collateral Order”), the Debtors’ senior secured lender agreed, among other things, to carve out from its collateral (*i.e.*, the sale proceeds) an amount equal to the sum of (i) accrued and unpaid fees and expenses of the Committee’s professionals for services rendered on or before December 21, 2011 (including, without limitation, any and all holdback amounts), plus (ii) \$120,000 (together, the “Committee Professional Fee Carve Out”).
5. Pursuant to a certain escrow agreement dated February 10, 2012, PMCM 2, LLC, as escrow agent, (the “Escrow Agent”) has been holding certain escrowed funds from the sale of the Debtors’ assets, including the Committee Professional Fee Carve-Out, for distribution solely

in accordance with the terms of the Compensation Procedures Order and the terms of the Final Cash Collateral Order.

6. On May 2, 2012, this Court converted these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code. Harold B. Murphy was appointed chapter 7 trustee of the Debtors (the “Chapter 7 Trustee”).

FTI’s RETENTION AND COMPENSATION

7. On August 31, 2011, this Court entered an order (the “Retention Order”) authorizing the Committee’s employment and retention of FTI. A true and accurate copy of the Retention Order is attached hereto as Exhibit A.

8. On August 31, 2011, this Court entered the Compensation Procedures Order, which established procedures for compensating professionals representing the Debtors and the Committee.

9. In accordance with the Compensation Procedures Order, FTI submitted monthly fee statements (the “Monthly Fee Statements”) for services rendered during these Chapter 11 Cases. Below is a summary chart showing amounts paid pursuant to the Monthly Fee Statements.

EXHIBIT B
MASSACHUSETTS ELEPHANT & CASTLE GROUP INC.- CASE NO. 11-16155
BILLING SUMMARY
FOR THE PERIOD JULY 18, 2011 TO MAY 2, 2012

	July 18, 2011 - August 31, 2011	September 1, 2011 - September 30, 2011	October 1, 2011 - October 31, 2011	November 1, 2011 - November 30, 2011	December 1, 2011 - December 31, 2011	January 1, 2012 - January 31, 2011	February 1, 2012 - February 29, 2011	March 1, 2012 - May 2, 2012	Final Fee Preparation	Total
Fees										
Incurring & Billed	\$86,447.50	\$32,571.00	\$35,998.50	\$27,602.50	\$22,099.50	\$11,107.50	\$1,643.00	\$8,120.00	\$2,500.00	\$228,089.50
Paid	(86,447.50)	(32,571.00)	(35,998.50)	(22,082.00)	(17,739.04)	(8,886.00)	(1,314.40)	-	-	(205,038.44)
Unpaid	-	-	-	5,520.50	4,360.46	\$2,221.50	\$328.60	\$8,120.00	\$2,500.00	\$23,051.06
Expenses										
Incurring & Billed	2,107.66	1,576.68	366.34	114.24	-	126.14	375.98	125.02	-	4,792.06
Paid	(2,107.66)	(1,576.68)	(366.34)	(114.24)	-	(126.14)	(375.98)	-	-	(4,667.04)
Unpaid	-	-	-	-	-	-	-	125.02	-	125.02
Total Fees and Expenses										
Incurring	\$88,555.16	\$34,147.68	36,364.84	\$27,716.74	\$22,099.50	\$11,233.64	\$2,018.98	\$8,245.02	\$2,500.00	\$232,881.56
Paid	(88,555.16)	(34,147.68)	(36,364.84)	(22,196.24)	(17,739.04)	(9,012.14)	(1,690.38)	-	-	(209,705.48)
Unpaid	-	-	-	\$5,520.50	\$4,360.46	\$2,221.50	\$328.60	\$8,245.02	\$2,500.00	\$23,176.08

10. FTI did not submit monthly fee statements for the months of April or May as a result of the conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code.

11. In addition to submitting Monthly Fee Statement's, FTI also filed interim applications seeking approval of fees and expenses on an interim basis and requesting payment of fee amounts held back each month pursuant to the Compensation Procedures Order.

12. On December 16, 2011, FTI filed its *First Interim Application of FTI Consulting, Inc. for Compensation and Reimbursement of Expenses* (the "First Interim Application") [Docket No. 240] for the period of July 18, 2011 through and including October 31, 2011 pursuant to which FTI sought interim allowance of fees in the amount of \$155,017.00 and expenses in the amount of \$4,050.68 as well as payment of the 20% "holdback" in the amount of \$31,003.40.

13. On January 26, 2012, this Court entered an order approving the First Interim Application. A true and correct copy of the order approving the First Interim Application is attached hereto as Exhibit B.

14. On April 17, 2012, FTI filed its *Second Interim Application of FTI Consulting, Inc. for Compensation and Reimbursement of Expenses* (the "Second Interim Application") [Docket No. 439] for the period of November 1, 2011 through and including February 29, 2012 pursuant to which FTI sought interim allowance of fees in the amount of \$62,452.50 and expenses in the amount of \$616.36 as well as payment of the 20% "holdback" in the amount of \$12,490.50.

15. A hearing on the Second Interim Application was scheduled for May 16, 2012, but was continued to July 18, 2012 at the request of the Chapter 7 Trustee. FTI has not received

any fees from the Committee Professional Fee Carve-Out or otherwise since these Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

16. In support of the Third and Final Application, the descriptions of services rendered and arguments contained in the First Interim Application and Second Interim Application are hereby incorporated as if fully set forth herein.

17. In accordance with MLBR 2016-1 and the Compensation Procedures Order, this Third and Final Application is divided into narrative sections. Each narrative section describes a category of tasks and the benefit to the estate. At the end of each narrative section, there is a chart which summarizes the number of hours, hourly rate and total amount requested for each professional with respect to such category. Attached hereto as Exhibit C is a summary chart, which sets forth the name of each FTI professional working on these cases and his or her hourly rates, the total hours expended by each and the value of his or her services for all matters during the Third Application Period. Attached hereto as Exhibits D through F are detailed chronological descriptions of the services performed during the Third Application Period by each professional for each category of tasks and the time devoted to such services by each professional. An itemization of expenses incurred by FTI during the Third Application Period is attached hereto as Exhibit G through H.

18. All services and expenses for which FTI seeks compensation were performed for the Committee and not on behalf of any individual creditor or other party in interest.

FEE CATEGORIES

18. The Debtors' chapter 11 cases have presented numerous complex issues that had to be addressed in order to preserve and maximize value for unsecured creditors. The Retention

Order authorized FTI to render essential financial advisory services to the Committee, which included, but were not limited to the following services during the Third Interim Period:

PCD 14 Analysis of Claims/Liabilities Subject to Compromise

FTI reviewed and analyzed various documents, including invoices and trial balances in order to analyze Terra Nova Services Corp claim. These services were crucial to ensure that FTI had a solid understanding of the general unsecured claims pool.

**SUMMARY OF HOURS PCD 14
FOR THE PERIOD MARCH 1, 2012 TO MAY 2, 2012**

Professional	Position	Billing Rate	Total Hours	Total Fees
Diaz, Matthew	Senior Managing Director	845	0.9	760.50
Hamilton, Christopher	Senior Consultant	605	7	4,235.00
TOTAL			7.9	\$4,995.50

PCD 16 POR & DS - Analysis, Negotiation and Formulation

FTI reviewed the notice to dismiss the case and participated in a call with counsel on Plan formation and exclusivity issues.

**SUMMARY OF HOURS PCD 16
FOR THE PERIOD MARCH 1, 2012 TO MAY 2, 2012**

Professional	Position	Billing Rate	Total Hours	Total Fees
Diaz, Matthew	Senior Managing Director	845	1.0	845.00
TOTAL			1.0	\$845.00

PCD 14 POR & DS – Preparation of Fee Application

FTI prepared and sent to the appropriate parties the February Monthly Fee Statement and the Second Interim Fee Application.

**SUMMARY OF HOURS PCD 24
FOR THE PERIOD MARCH 1, 2012 TO MAY 2, 2012**

Professional	Position	Billing Rate	Total Hours	Total Fees
Diaz, Matthew	Senior Managing Director	845	0.7	591.50
Hamilton, Christopher	Senior Consultant	605	0.6	363.00
Marili Hellmund-Mora	Associate	250	5.3	1,325.00
TOTAL			6.6	\$2,279.50

REIMBURSEMENT OF EXPENSES

19. In addition to the requested allowance of fees, FTI seeks allowance of the actual and necessary expenses incurred during the Third and Final Application Period in the amount of \$4,792.06. A detailed itemization of the expenses incurred by FTI is attached hereto as Exhibit G through H.

BASIS FOR ALLOWANCE OF FEES AND EXPENSES

20. Section 330 of the Bankruptcy Code authorizes, and establishes the standards for, compensation of professionals employed under section 1103. Section 331 of the Bankruptcy Code provides that a court may award professionals interim compensation as is provided in section 330 of the Bankruptcy Code. See 11 U.S.C. § 331.

21. FTI respectfully submits that the services it rendered during these Chapter 11 Cases, including the Third and Final Application Period, were necessary. The hours expended by FTI professionals on these cases were reasonable in all respects, and the fees sought accurately and appropriately reflect the value of the services rendered for the benefit of the Committee.

WHEREFORE FTI respectfully requests that the Court enter an order in allowing, on a final basis, FTI's fees in the amount of \$228,089.50 for professional services rendered, and \$4,792.06 for actual and necessary expenses incurred during these Chapter 11 Cases authorizing and directing the Escrow Agent to pay FTI \$23,176.08, representing FTI unpaid fees and expenses, from the Committee Professional Fee Carve-Out and granting to FTI such other and further relief as the Court deems just and proper.

Dated: New York, New York
July 20, 2012

FTI Consulting, Inc.
Financial Advisors to the Official Committee
Of Unsecured Creditors

By: /s/ Matthew Diaz

Matthew Diaz
Senior Managing Director
Three Times Square
New York, NY 10036
(212) 499-3611