

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE: § **CASE NO. 21-30574**
§
COUNTRY FRESH HOLDING § **(CHAPTER 7)**
COMPANY, INC., et al.¹, §
§
Debtors. §
§ **Jointly Administered**

**FIRST INTERIM APPLICATION FOR COMPENSATION BY JUENGLING, PC AS
SPECIAL FINANCIAL COUNSULTANT FOR THE TRUSTEE FOR
JUNE 30, 2021 – OCTOBER 31, 2021**

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

¹ The Debtors in these Chapter 7 cases and the last four digits of each Debtors' taxpayer identification number are as follows: Country Fresh Holding Company Inc. (7822); Country Fresh Midco Corp. (0702); Country Fresh Acquisition Corp. (5936); Country Fresh Holdings, LLC (7551); Country Fresh LLC (1258); Country Fresh Dallas, LLC (7237); Country Fresh Carolina, LLC (8026); Country Fresh Midwest, LLC (0065); Country Fresh Orlando, LLC (7876); Country Fresh Transportation LLC (8244) CF Products, LLC (8404) Country Fresh Manufacturing, LLC (7839); Champlain Valley Specialty of New York, Inc. (9030); Country Fresh Pennsylvania, LLC (7969); Sun Rich Fresh Foods (NV) Inc. (5526); Sun Rich Fresh Foods (USA) Inc. (0429); and Sun Rich Fresh Foods (PA) Inc. (4661).

FEE APPLICATION COVER SHEET

Name of Applicant:	Juengling, PC	
Applicant's Role in Case:	Special Financial Consultant for the Trustee	
Effective date of order approving professional's retention:	June 21, 2021	
	Beginning of Period	Ending of Period
Total period covered in application	June 30, 2021	October 31, 2021
Time period(s) covered by any prior applications	N/A	N/A
Total amounts awarded in all prior Applications:	N/A	
Total fees requested in this Application:	\$103,650.00	
Total professional fees requested in this Application:	\$103,650.00	
Total actual professional hours covered by this Application:	282.4	
Average hourly rate for professionals:	\$367.03	
Total paraprofessional fees requested in this Application:	\$0	
Total actual paraprofessional hours covered by this Application:	0	
Average hourly rate for paraprofessionals:	N/A	
Reimbursement expenses sought in this Application:	\$0	
Total to be paid to priority unsecured creditors:	To be determined ²	
Anticipated % dividend to priority unsecured creditors:	To be determined	
Total to be paid to general unsecured creditors:	To be determined	
Anticipated % dividend to general unsecured creditors:	To be determined	
Date of confirmation hearing:	N/A	
Indicate whether Plan has been confirmed:	N/A	

TO THE HONORABLE MARVIN ISGUR UNITED STATES BANKRUPTCY JUDGE:

COMES NOW, Juengling, PC ("**Juengling, PC**" or "**Applicant**"), and files this *First Interim Application for Compensation by Juengling, PC as Special Financial Consultant for the Trustee* (the "**Application**"). The total amount for which the Court's approval is sought is compensation of \$103,650 in professional fees. In support of the Application, Applicant respectfully shows as follows:

² At this time, all cash on hand appears to be cash collateral and a distribution to unsecured creditors appears unlikely.

Background

1. Bankruptcy Code § 330 permits professional persons to apply to the Court for compensation and reimbursement of expenses.

2. On August 12, 2021, this Court entered an Order authorizing the employment of Applicant as Special Financial Consultant for the Trustee [Dkt No. 865] effective as of June 21, 2021.

3. Applicant has performed financial consulting services for the Trustee pursuant to the Order and requests from Trustee's counsel. All of the services rendered by Applicant were performed for and on behalf of the Trustee and not on behalf of any committee, creditor, or other person.

4. Applicant has made the disclosures required by law and has not received any payment for services rendered or to be rendered in connection with the representation of the Trustee in this case to date, and has no agreement or understanding with any other person with respect to sharing the compensation to be allowed Applicant for services rendered in this case.

5. The professional services for which compensation is now requested by the Applicant were necessarily performed by Applicant as a special consultant for the Trustee in this case.

6. If Applicant is not allowed compensation as requested herein, such denial would have the effect of Applicant having provided, without compensation, valuable services, expertise and experience to the Trustee and would undermine the intent of §330 of the Bankruptcy Code. *See, Matter of Baldwin United Corp.*, 36 B.R. 401 (Bankr. S.D. Ohio 1984); *In re Wilson Foods Corp.*, 36 B.R. 317 (Bankr. W.D. Okla. 1984).

7. Attached as Exhibit “A” is a detailed statement of the services performed by Applicant. Included in Exhibit “A” is a statement reflecting the hours spent on the case by and the hourly rate of the Applicant. The statement for services included in Exhibit “A” includes a designation of each time entry to one of the specific projects discussed in the following paragraphs. As shown in detail in Exhibit “A”, Applicant’s professional fees for the period covered by this Application total \$103,650.

Tasks

8. General Background. On February 15, 2021 (the “**Petition Date**”), Country Fresh Holding Company, Inc et. al. (“**Country Fresh**” or the “**Debtors**”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors operated as a debtor-in-possession from February 15, 2021 until June 21, 2021, when the Court entered its order of conversion to Chapter 7 (Docket No. 719, the “**Conversion Order**”). Thereafter, Janet S. Northrup was appointed as the Chapter 7 Trustee (the “**Trustee**”).

9. Prior to conversion, on March 29, 2021, the Debtors sold their assets to Stellex/CF Buyer (US) LLC (the “**Buyer**”) pursuant to this Court’s *Order Authorizing Country Fresh Holdings Company Inc. and Its Affiliated Debtors to (I) Sell Substantially All of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (II) Authorizing and Approving the Debtors’ Performance under the APA, (III) Authorizing and Approving the Assumption and Assignment of Certain of the Debtors’ Executory Contracts, Unexpired Leases, And Permits Related Thereto, and (IV) Granting Related Relief* (Docket No. 437, the “**Sale Order**”).

10. On April 29, 2021, pursuant to the Sale Order, the Debtors and Buyer entered into the Asset Purchase Agreement [Dkt. No. 659-2] (as may be amended, supplemented, or otherwise

modified from time to time in accordance with its terms, together with all exhibits and schedules thereto, the “APA”).

11. Also on April 29, 2021, the Debtors and the Buyer entered into the Transition Services Agreement [Dkt. No. 659-3] (as may be amended, supplemented, or otherwise modified from time to time in accordance with its terms, together with all exhibits and schedules thereto, the “TSA”).

12. The financial consulting services performed by Applicant can be summarized by project as follows:

13. **Task 1. Locating, Securing, and Analyzing Debtors’ Books and Records (64.2 hours; \$21,825).** Applicant’s efforts in this task included: (i) obtaining books and records from the Debtors’ CRO and former Debtors’ employees hired by the Trustee; (ii) identifying and obtaining schedules and documents required for tax compliance, assessing claims, and analysis of the purchase price adjustment reconciliation, including trial balances, bank statements, prior tax returns, information from Debtors prior tax preparation firm and audit firm; (iii) obtaining and analyzing quotes for tax preparation services for the Debtors; and (iv) consulting as needed regarding tax compliance.

14. **Task 2. Analysis of Purchase Price Adjustment (89.2 hours; \$33,450).** This task related to the finalization of the purchase price according to the procedure set forth in the APA. Applicant’s efforts in this task were critical in identifying points of dispute with the Buyer and substantiating the Estate’s position. Applicant analyzed Buyer’s closing statement proposals and assisted in preparing Trustee’s responses based on Debtors’ records and past practices including research of applicable US GAAP standards. The parties resolved their disputes resulting in a proposed stipulation and order currently pending.

15. **Task 3. Analysis of PACA Claims (80.1 hours; \$30,038).** This task relates to resolving claims asserted by vendors that qualify as PACA³ licensees subject to specific legislation affording the PACA Vendors unique rights. During the Application period, Applicant prepared multiple analyses for Trustee's counsel to evaluate claims asserted by PACA. This resulted in the payment the remaining PACA claims from the \$3.5 million set aside and release of the balance of the set aside [Dkt No. 915]. Applicant's analyses assisted the Trustees counsel to negotiate the withdrawal of several proofs of claims.

16. On May 24, 2021, the Court entered the *Stipulation and Agreed Order Resolving (I) Stellex/CF Buyer (US) LLC's Emergency Motion to Enforce the APA and the Sale Order and (II) Debtors' Emergency Motion for Entry of Order Enforcing Sale Order* [Dkt No. 645], in which the Court, among other things, a process for paying certain administrative claims. Applicant analyzed funding requests by Buyer pursuant to this Court Order and coordinated determining whether requests were disputed or ripe for payment.

17. **Task 4. Financial Investigation and Analysis (40.7 hours; \$14,925).** This task related to the investigation of past activities and processes. Applicant's efforts in this task were critical in providing facts and documentation to Trustee's counsel for purposes of operating the estates. Time in this task includes (i) analyzing the reconciliation of TSA funding, including vendor payments and payroll, (ii) investigating status of professional fees incurred and paid; and advised Trustee's counsel on relevant matters of dispute or inquiry.

³ Perishable Agricultural Commodities Act of 1930, as amended, 7 U.S.C. §§ 499(a) *et seq.* (as modified from time, "PACA").

18. **Task 5. Claims Analysis (8.2 hours; \$3,413).** This task related to analysis of filed proofs of claim and payments as requested by trustee's counsel and creation of a master claims database to track secured claims, PACA claims and administrative claims.

19. Applicant's services were necessary to ensure that the Trustee carried out her obligations as trustee.

The First Colonial Factors

20. Applicant has not received payment for fees or expenses incurred during this final Application period. The Estate currently holds cash collateral sufficient to pay the fees requested herein pursuant to the Cash Collateral Order.

21. The approved cash collateral budget allows for financial consultant expenses of \$180,000 during the Application Period. See Docket No. 883. The fees sought herein total \$103,650. Thus, the fees requested herein are within the cash collateral budget approved by the Ad Hoc Group of Secured Lenders.

22. The Fifth Circuit in *In re First Colonial Corp. of America*, 544 F.2d 1291 (5th Cir.), *cert. denied*, 97 S. Ct. 1696 (1977), described certain factors which should be considered in compensating attorneys in Chapter 7 cases. Those factors are discussed in the following paragraphs.

23. Time and labor required and novelty and difficulty of the questions involved. As reflected in Exhibit "A", the Applicant expended a total of 282.4 hours on this case during the time period covered by this Application and (as noted) after this Application. Not included in Exhibit "A" are 15.1 hours of professional time incurred by the Applicant identified as being of limited benefit to the estate.

24. Reputation of Applicant. The Applicant regularly represents the Trustee and is well qualified to represent the Trustee in this case.

25. Skill required to properly perform the special consulting services. It is firmly believed that the Applicant possesses the requisite skills necessary to have properly provided services to the Trustee to date.

26. Preclusion of other employment. Applicant was precluded from engaging in other employment only to the extent of the 282.4 hours in this case during this Application period and (as noted) after this Application.

27. Undesirability of the case. A Chapter 7 case is only undesirable to the extent that Applicant's compensation is always contingent upon the availability of sufficient assets with which to reimburse Applicant for its fees and expenses incurred.

28. Results obtained. Applicant has provided consulting services to the Trustee's counsel to facilitate recoveries and results as noted above.

29. Time limitations imposed by the case. Applicant has been available at all times to meet the Trustee's needs as they have arisen. There were numerous matters requiring the Applicant's immediate attention, particularly with respect to the APA and TSA.

30. Customary charges for the services rendered. Applicant's hourly rate is \$375.00. The rate charged is commensurate with the abilities of the Applicant and equal to those customarily charged by the Applicant for equivalent work to non-trustee clients.

31. Contingent nature of the fee. As in all bankruptcy proceedings, fees for the applicant firm are subject to the discretion of the Court in determining value of services to the estate, as well as subject to availability of funds in the estate, and are, accordingly, in that sense contingent.

32. Nature and length of professional relationship with client. Applicant has previously assisted and is currently assisting the Trustee in other similar matters.

33. Applicant believes the compensation and reimbursement of expenses sought herein are reasonable and represent work that was necessary to the proper administration of the estate.

34. Applicant, in compliance with Rule 2016 of the Bankruptcy Code, hereby states that: (i) no compensation previously received has been shared with any other entity; and (ii) no agreement or understanding exists between the Applicant and any other entity for the sharing of compensation received or to be received for services rendered in connection with this case. Applicant did not receive any pre- or post-employment retainer in this matter and is holding no funds belonging to the Trustee or the Debtor.

35. Applicant has submitted this Application to the Trustee for review prior to filing it, and she has no objection to it.

WHEREFORE, Applicant prays that this Court enter an Order (i) authorizing compensation in the amount of \$103,650 incurred during this Application Period, such amount being a priority administrative expense under 11 U.S.C. § 507(a)(2); and (ii) granting such other and further relief to which Applicant may be entitled.

December 1, 2021

Respectfully submitted,

/s/ Grant Juengling

Grant Juengling, Director

grant@juengling-pc.com

Juengling, PC

6405 Ladbroke Ct.

Plano, Texas 75024

(972) 746-7829 Telephone

**SPECIAL FINANCIAL CONSULTANT FOR
JANET S. NORTHRUP, CHAPTER 7
TRUSTEE**