

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

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<i>In re:</i>	:	
	:	Case No. 13-12329 (CSS)
FURNITURE BRANDS	:	
INTERNATIONAL, INC., et al.,	:	
	:	Jointly Administered
	:	
Debtors.¹	:	Re: Docket Nos. 843, 1003, 1097, 1102
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**FEE EXAMINER’S FINAL REPORT REGARDING FIRST
INTERIM FEE APPLICATION REQUEST OF
BDO CONSULTING, A DIVISION OF BDO USA, LLP**

Direct Fee Review LLC (“DFR”), appointed and employed as the Fee Examiner in the above-captioned bankruptcy proceedings and acting in its capacity regarding the First Interim Fee Application Request of BDO Consulting, a division of BDO USA, LLP (the “Firm”) for compensation for services rendered and reimbursement of expenses as Financial Advisor for the Official Committee of Unsecured Creditors for the compensation period from September 20, 2013 through December 31, 2013 (“Fee Application”) seeking approval of fees in the amount of \$878,404.75 and the reimbursement of expenses in the amount of \$3,798.66, submits its final report.

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s tax identification number, as applicable, are: Furniture Brands International, Inc. (7683); Action Transport, Inc. (7587); Broyhill Furniture Industries, Inc. (3217); Broyhill Home Furnishings, Inc. (8844); Broyhill Retail, Inc. (8843); Broyhill Transport, Inc. (1721); Furniture Brands Holdings, Inc. (2837); Furniture Brands Operations, Inc. (4908); Furniture Brands Resource Company, Inc. (1288); HDM Furniture Industries, Inc. (7484); HDM Retail, Inc. (6125); HDM Transport, Inc. (4378); Lane Furniture Industries, Inc. (5064); Lane Home Furnishings Retail, Inc. (9085); Laneventure, Inc. (8434); Maitland-Smith Furniture Industries, Inc. (7486); Thomasville Furniture Industries, Inc. (6574); Thomasville Home Furnishings, Inc. (3139); Thomasville Retail, Inc. (f/k/a Classic Design Furnishings, Inc.) (6174). The Debtors’ corporate headquarters is located at 1 N. Brentwood Blvd., St. Louis, Missouri 63105.

BACKGROUND

1. In performance of audit procedures and in preparation of this report designed to quantify and present factual data relevant to the requested fees, disbursements and expenses contained herein, DFR reviewed the monthly fee statements and the Applications, including each of the billing and expense entries listed in the exhibits to the monthly statements, for compliance with 11 U.S.C. § 330, Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, as amended February 1, 2014 (“Local Rules”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, issued June 11, 2013 (“Guidelines”).
2. DFR did not prepare informal memos related to monthly fee applications of the Firm. We included our questions and issues in an initial report and this final report. We have included all responses and any recommended resolutions in this final report.

DISCUSSION

3. For the compensation period of September 20, 2013 through December 31, 2013 the Firm submitted monthly fee applications in the amount of \$878,404.75 as actual, reasonable and necessary fees and for expense reimbursement of \$3,798.66. For the Fee Application period, \$15,120.00 was disclosed as related to fee application preparation.
4. We deem it generally acceptable to spend less than \$50,000 or 5% of time charged preparing fee applications. We apply these guidelines on a cumulative basis. We noted that cumulatively through this period the Firm has charged \$15,120.00 and we have calculated that 1.7% of the fees billed relate to fee applications on a cumulative basis. We

do not have an objection to the amount of fees charged for fee application preparation in this interim fee application based upon our review and procedures and we deem the percentage to be reasonable.

5. Pursuant to the Guidelines, administrative or general costs incident to the operation of the applicant's office and not particularly attributable to an individual client or case are not reimbursable. We noted entries that seemed to reflect administrative activity that would not be charged to the estate. We consider procedures related to final conflicts review, invoice preparation and review to be administrative. We requested that the Firm review the entries and withdraw any found to be administrative. The Firm provided additional detail and explanation and agreed to withdraw the charge listed in Exhibit A. After discussions with the Firm and after review of additional information provided by the Firm we recommend that fees be reduced by \$160.00.
6. Local Rule 2016-2 provides in section (d) (ix) the activity descriptions shall individually identify all meetings and hearings (conferences and conference by telephone), each participant, the subject(s) of the meeting or hearing (conferences and conference by telephone) and the participant's role. Our procedures applied to the monthly fee applications identified entries with descriptions which did not provide such detail. We were not able to identify participants from related entries. We requested and the Firm identified the participants for these entries. Because there is no recommendation for a reduction in reimbursement of fees for these entries, the exhibit has not been included.
7. Local Rule 2016-2 provides in section (d) (ix) the activity descriptions shall individually identify all meetings and hearings (conferences and conference by telephone), each

participant, the subject(s) of the meeting or hearing (conferences and conference by telephone) and the participant's role. Our procedures applied to the monthly fee applications identified the entries with descriptions which identify participants as "BDO internal team", "A&M", "Debtors", "staff", "counsel", Alvarez & Marsal" and "Hahn & Hessen". We were not able to identify participants from related entries. We request that the Firm identify the participants. We requested and the Firm identified the participants for these entries. Because there is no recommendation for a reduction in reimbursement of fees for these entries, no exhibit has been included.

8. Local Rule 2016-2 provides in section (d) that all motions shall include complete and detailed activity descriptions; each activity description shall include the type of activity; each activity description shall include the subject matter and shall be sufficiently detailed to allow the Court to determine whether all the time, or any portion thereof, is actual, reasonable, and necessary. Our procedures applied to the monthly fee applications identified entries with descriptions which we consider vague or insufficient or non-substantive. We requested and the Firm identified the task or activity referred to as "follow up", "work session" and "work on". We also requested that the Firm instruct timekeepers to discontinue the use of these and other vague descriptions. Because there is no recommendation for a reduction in reimbursement of fees for these entries, no exhibit has been included.

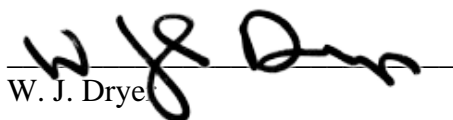
CONCLUSION

9. Regarding the Application and the fees and expenses discussed in the previous sections, DFR submits its final report for the First Interim Fee Application Request of BDO Consulting, a division of BDO USA, LLP for compensation for services rendered and reimbursement of expenses as Financial Advisor for the Official Committee of Unsecured Creditors for the compensation period from September 20, 2013 through December 31, 2013 and we recommend the approval of the fees of \$878,244.75 (\$878,404.75 minus \$160.00) and reimbursement of expenses in the amount of \$3,798.66.

Respectfully submitted,

DIRECT FEE REVIEW LLC
FEE EXAMINER

By:


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Exhibit A:

9/25/2013	N.V.	Prepared file to document conflict check results in order to confirm disinterestedness of BDO's retention.	0.80
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