

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 CASE NO. 12-11076-shl

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5 In the Matter of:

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7 ARCAPITA BANK B.S.C.(C), et al, and
8 ARCAPITA BANK B.S.C.(c), et al,

9

10 Debtors.

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13 U.S. Bankruptcy Court
14 One Bowling Green
15 New York, New York

16

17 April 30, 2014

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11:09 AM

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21 B E F O R E :

22 HON. SEAN H. LANE

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO - K. HARRIS

1 HEARING Re Doc. #1881 (Alvarez & Marsal) Final Application
2 for Final Professional Compensation for Alvarez & Marsal
3 Global Forensic and Dispute Services, LLC, Other
4 Professional
5
6 HEARING Re Doc. #1882 (FTI Consultants) Application for
7 Final Professional Compensation/First and Final Application
8 of FTI Consulting, Inc. for Allowance of Compensation and
9 for Reimbursement of Expenses for Services Rendered in
10 Connection with Falcon Gas Storage Company, Inc.
11
12 HEARING Re Doc. #1883 (King & Spalding) Application for
13 Final Professional Compensation for King & Spalding LLP and
14 King & Spalding International LLP, Special Counsel
15
16 HEARING Re Doc. #1885 (Gibson Dunn & Crutcher) Final
17 Application for Final Professional Compensation - Fifth and
18 Final Application of Gibson, Dunn & Crutcher, LLP, as
19 Attorneys for Falcon Gas Storage Company, Inc., for
20 Allowance of Compensation for Professional Services Rendered
21 and Reimbursement of Actual and Necessary Expenses Incurred
22 from April 30, 2012 through February 19, 2014 for Gibson,
23 Dunn & Crutcher, LLP, Debtor's Attorney, period: 4/30/2012
24 to 2/19/2014, fee: \$1,019,417.50; expenses: \$6,771.14
25

1 HEARING RE Doc. #1893 (10th) Motion for Omnibus Objection to
2 Claim(s)/Tenth Omnibus Objection to Claims

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4 HEARING RE Doc. #1051 (3rd) Motion for Omnibus Objection to
5 Claim(s) - Debtors' Third Omnibus Objection to Claims

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7 HEARING Re Doc. #1050 (2nd) Motion for Omnibus Objection to
8 Claim(s) - Debtors' Second Omnibus Objection to Claims

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25 Transcribed by: Sheila Orms

1 A P P E A R A N C E S :

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18 U.S. DEPARTMENT OF JUSTICE

19 Office of the United States Trustee

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24 BY: RICHARD MORRISSEY, ESQ.

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TELEPHONIC APPEARANCES:

WILLIAM ABINGTON, ALVAREZ & MARSHAL
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SCOTT A. RINALDI, FTI CONSULTING, INC.

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P R O C E E D I N G S

THE COURT: Good morning. All right. We're here for Arcapita Bank. Thank you for the binder, although I will say it's binder, one/me, nothing, I was unable to contain it in its modest housing, but I think it's all fine and still in order, so let me get appearances, starting with this side of the room moving -- oh.

MR. KAMPHAUS: Good morning, Your Honor, Nick Kamphaus from Milbank Tweed Hadley & McCloy on behalf of the reorganized debtors and new holding companies joined by my colleague, Lena Mandel.

THE COURT: Good morning.

MR. ROSENTHAL: Good morning, Your Honor, Michael Rosenthal from Gibson Dunn on behalf of the debtors, including Falcon Gas Storage.

MR. MORRISSEY: Richard Morrissey for the U.S. Trustee.

THE COURT: All right. Good morning to you all. So I have the agenda and I'm happy to proceed in any manner or order that you think most productive.

MS. MANDEL: Good morning, Your Honor, Lena Mandel --

THE COURT: Good morning.

MS. MANDEL: -- Milbank Tweed on behalf of the reorganized debtors.

1 We will largely follow the agenda.

2 THE COURT: All right.

3 MS. MANDEL: So we have some adjourned matters,
4 which I just want to mention. There's a claim still
5 remaining from omnibus objection number 2 which is being
6 adjourned to June 10.

7 THE COURT: Right, and that's for claim number
8 255.

9 MS. MANDEL: 255.

10 THE COURT: All right.

11 MS. MANDEL: Then as you may have noticed, we
12 filed the agenda before the objection deadline for the tenth
13 omnibus objection expired, so we have in fact received
14 additional responses, and in connection with that, we want
15 to adjourn to June 10 the hearing on the following claims
16 from the tenth omnibus objection; Claims No. 51, 124, 136,
17 426, 429, and 507.

18 THE COURT: All right. So the three that are
19 identified in the written agenda that I got and then three
20 more.

21 MS. MANDEL: Three more, that's correct, Your
22 Honor.

23 THE COURT: All right.

24 MS. MANDEL: We have received more responses.

25 And now that we're on this subject, I would like

1 to mention that item number four on the agenda, listed as a
2 contested matter is not actually going forward, nor is it
3 being adjourned. It has been resolved, and we have filed --
4 I'm sorry?

5 THE COURT: I know which one you're talking about,
6 it's claims 289 to 294 --

7 MS. MANDEL: That's correct, Your Honor.

8 THE COURT: -- in the second omnibus.

9 MS. MANDEL: It's -- we're taking it off the
10 agenda. It has been resolved.

11 THE COURT: All right. I assume the settlement
12 will be --

13 MR. KAMPHAUS: Has been filed.

14 THE COURT: Has been filed.

15 MS. MANDEL: We filed it yesterday, Your Honor.

16 THE COURT: And is that on presentment or for a
17 hearing on June 10th?

18 MR. KAMPHAUS: On presentment, yes.

19 THE COURT: All right. Thank you. That allows me
20 to not have to ask any questions about those pleadings, so
21 that'll shorten our discussion here this morning.

22 MS. MANDEL: Oh, okay. Thank you, Your Honor.
23 The professional fee applications we would like to slightly
24 change the order. With regard to FTI, application of FTI
25 Consulting to go first just because it's the only one

1 handled by Milbank.

2 THE COURT: All right. That's fine. So let's do
3 that one first, and then it sounds like we can do the rest
4 are all I think debtors' application. Okay. Great.

5 MR. KAMPHAUS: Good morning again, Your Honor,
6 Nick Kamphaus, Milbank Tweed.

7 Presenting item number 4 on the agenda, it's
8 Docket No. 1882, it's the final application of FTI
9 Consulting, Inc. for fees incurred in connection with their
10 service as financial advisor to the official committee of
11 unsecured creditors for Falcon Gas Storage Company, Inc.

12 After the effective date for the debtors, other
13 than Falcon that were consolidated and administered in this
14 case, is FTI basically took over many of the financial
15 advisor services for Falcon.

16 As Your Honor knows, Falcon was essentially a bank
17 account at that point, or at least after the settlement was
18 filed with Hopper (ph) parties -- with Tide rather, excuse
19 me. And so there weren't a great amount of financial
20 advisor services to do, but FTI stepped in and prepared and
21 filed the monthly operating reports, oversaw the cash
22 management process at Falcon, and performed some services in
23 connection with claims reconciliation.

24 So in connection with those services, Falcon or
25 FTI, excuse me, is now seeking approval of their fees in the

1 amount of \$71,437. They have already received 80 percent of
2 their fees for the months of October through December 2013
3 in the amount of \$36,931.60. So they are now seeking
4 payment of the -- 100 percent of the fees incurred in
5 January and February of 2014, in the amount of \$25,272.50,
6 and release of the holdback from October through December in
7 the amount of \$9,232.90.

8 THE COURT: All right. I've taken a look at the
9 application. Anything else you want to say before I hear
10 from anybody else?

11 MR. KAMPHAUS: No, Your Honor.

12 THE COURT: All right. Anyone else wish to be
13 heard on the first and final application of FTI Consulting?

14 MR. MORRISSEY: Your Honor, again for the record,
15 Richard Morrissey for the U.S. Trustee. Just as a general
16 matter with respect to the Falcon professionals, obviously
17 one concern the U.S. Trustee has with a case like this is
18 duplication of services, in this case between work
19 professionals did for Arcapita versus Falcon.

20 Specifically in the case of FTI, it was pretty
21 easy to separate the two given that, as counsel has just
22 said, FTI's role was largely to prepare operating reports
23 for FTI -- I'm sorry, for Falcon --

24 THE COURT: For Falcon.

25 MR. MORRISSEY: -- specifically as opposed to --

1 THE COURT: It must be catching.

2 MR. MORRISSEY: Yeah.

3 THE COURT: I'm sure I'll be doing it shortly.

4 MR. MORRISSEY: As opposed to Arcapita. And the
5 U.S. Trustee saw no duplication. The U.S. Trustee has no
6 objection.

7 THE COURT: All right. Anyone else wish to be
8 heard?

9 (No response)

10 THE COURT: All right. Having taken a look at the
11 first and final application of FTI for services in
12 connection with Falcon Gas Storage Company, I find the
13 application to be appropriate and consistent with applicable
14 law. And so I will approve the total request of \$71,437 in
15 its first and final application.

16 MR. MORRISSEY: Thank you, Your Honor.

17 THE COURT: Thank you.

18 MR. ROSENTHAL: Good morning, Your Honor, Michael
19 Rosenthal again.

20 THE COURT: Good morning.

21 MR. ROSENTHAL: I get the pleasure of presenting
22 the remaining fee applications here, and I'll start by
23 playing off of a comment that Mr. Morrissey just made.
24 There has been no duplication in the record for any of these
25 professionals in the Falcon work and the Arcapita work, at

1 least and certainly in the case of King & Spalding. Their
2 primary role here was on behalf of the Falcon debtor and our
3 case, and the Gibson Dunn case, we were very careful to
4 maintain separate records for Falcon. The issues were a lot
5 different, and there wasn't that much interrelationship of
6 the two cases, other than Falcon was a portfolio company of
7 Arcapita.

8 But I'd like to spend just a little bit of time
9 reminding the Court what happened in this case. If you
10 remember, the main Arcapita debtors confirmed their plan,
11 and emerged in September. At the time of the original plan
12 confirmation, we put the Falcon plan aside, because there
13 was pending litigation involving Tide and various other
14 parties.

15 And we spent roughly a year negotiating over how
16 to resolve that litigation. And as you know, we did, we
17 were successful in negotiating a resolution of the
18 litigation. We came and presented the revised amended
19 Falcon plan to the Court, the Court approved it.

20 As a result of the approval of the settlement and
21 approval -- confirmation of the plan, the creditors will
22 receive a hundred cents on the dollar, and there will be
23 significant distributions for equity holders.

24 So I think that is a very telling fact about all
25 of the work that these professionals did in the Falcon case.

1 THE COURT: And I also think I commented at the
2 time that I thought the settlement was -- settlements are
3 always encouraged in bankruptcy, but that the settlement was
4 particularly wise, in that the subordination issues relating
5 to Falcon were very interesting, and would've made a fine
6 Law Review article, but also fodder for future protracted
7 litigation.

8 It's -- I'm always conscious of working on
9 opinions where I say well, I think I'm right, but I can
10 easily see somebody, you know, in a future court deciding
11 that, you know, there's another way to view this. So I
12 think those were particularly productive and important
13 settlements in the case.

14 So just for what that's worth in terms of
15 commenting on the fees here.

16 MR. ROSENTHAL: Well, we know you did spend time
17 on that subordination opinion, and we did get to you as soon
18 as we possibly could, so you could not spend any more time
19 on it. But I certainly appreciate what Your Honor said and
20 I know those were -- that was a difficult issue.

21 So with respect -- Your Honor, I'd like to take it
22 sort of in reverse order and do Gibson Dunn first, then King
23 & Spalding and then Alvarez and Marsal.

24 THE COURT: All right. That's fine.

25 MR. ROSENTHAL: With respect to Gibson Dunn,

1 during the --

2 THE COURT: And just by the way, I don't mind
3 putting in the time, it's actually my job, it's just that I
4 was conscious of the fact that however I came out, it was --
5 I think it would've been appealed, just given the unusual
6 nature of the legal issues and --

7 MR. ROSENTHAL: And the parties were very --

8 THE COURT: -- the fact that the case is out there
9 are often not very clear as you well know.

10 MR. ROSENTHAL: I do. With respect to Gibson
11 Dunn, Your Honor, we spent about 1,400 hours of time from
12 the original filing in April of 2012 through the effective
13 date. That amounted to a little over a million dollar,
14 \$1,019,417. We incurred a very small amount of expenses,
15 \$6,771.

16 Most of these fees and expenses have already been
17 paid. The remaining unpaid portion is \$144,790.82 which
18 represents the holdback from the prior period and amounts
19 that still remain due from the current period.

20 We believe our compensation request is reasonable
21 under the standards applicable to professionals working in
22 Chapter 11 cases. And particularly because of the results
23 achieved in the case, and accordingly, we would request an
24 order approving the fees on a final basis and release of any
25 and all of the holdbacks.

1 THE COURT: All right. Anyone wish to be heard on
2 the application of Gibson Dunn?

3 MR. MORRISSEY: Your Honor, the U.S. Trustee has
4 no objection. Mr. Rosenthal and I were actually discussing
5 before Your Honor took the bench this morning the division
6 of labor here. Not only amongst the firms and Mr. Rosenthal
7 is going to be discussing King & Spalding in a moment, but
8 also within the Gibson Dunn firm. It was not Mr. Rosenthal
9 himself who did the bulk of the work in the Falcon case. It
10 was Mr. Millet and others, who did that, and that made it a
11 lot easier to avoid the issue I raised with respect to the
12 last fee application which was duplication. And I don't
13 think that happened here.

14 Although there was a lot of litigation in the
15 Falcon case, it did come, as Your Honor just said, to a
16 satisfactory conclusion. And I think that all the work was
17 warranted, and it led to a successful result. And also
18 significantly, Your Honor, the people whose ox is being
19 gored here, the committee has not objected to these fees and
20 neither does the U.S. Trustee.

21 THE COURT: All right. I'm happy to grant the
22 fifth and final application of Gibson Dunn & Crutcher LLP as
23 attorneys for Falcon Gas Storage Company for all the reasons
24 that are set forth in the application itself and discussed
25 here this morning as well.

1 I do remember Mr. Millet being the go-to person on
2 subordination and -- quite well, and I think that again, is
3 a final result here. Consistent with the final result I
4 think reached in the main case as well. So I'm happy to
5 approve the fifth and final application. I find it comports
6 with applicable law and guidance that's out there. And so
7 we can move on to the other counsel in the case, King &
8 Spalding.

9 MR. ROSENTHAL: Yes, Your Honor. King & Spalding
10 was the primary litigation counsel for the Tide litigation.
11 And it's as a result of the extensive work that they had
12 done. Virtually all of it, if not all of it, outside of the
13 view of this Court that, you know, led the parties to reach
14 the settlement that they did.

15 These settlements, as you know, don't just happen.
16 There's leverage applied by all sides, and it's only through
17 that leverage that you can reach agreements.

18 I believe that Paul Ferdinands, a partner of King
19 & Spalding is on the line with us if you have any question.

20 THE COURT: I believe he is.

21 MR. ROSENTHAL: But we are requesting final
22 approval of the King & Spalding fees in the amount of
23 \$5,217,549 and expenses in the amount of \$305,000.

24 This would -- many of these fees have been paid,
25 but to the extent they haven't been paid, we would request

1 that they be ordered to be paid, and including any holdback
2 from the prior period, which is about \$582,000.

3 THE COURT: All right. Anyone wish to be heard on
4 the application of King & Spalding and King & Spalding
5 International LLP as special counsel for Falcon Gas Storage
6 Company?

7 MR. MORRISSEY: Your Honor, again for the record,
8 for those on the phone, Richard Morrissey for the U.S.
9 Trustee.

10 Mr. Ferdinands and I have had many discussions in
11 prior fee applications with respect to what we perceived as
12 defects in their fee applications. I think that they have
13 improved with time, and repetition and the U.S. Trustee has
14 no objection to the final. Thank you.

15 THE COURT: All right. And I certainly am
16 conscious that their work was done outside of the bankruptcy
17 court, and so I know there's often an adjustment period when
18 those things settle and become fodder for a bankruptcy court
19 review.

20 And certainly, though, I know that there was a lot
21 of work done in that case, there are a couple of decisions
22 which we spent time talking about in front of Judge Wood, as
23 well as certainly a lot of discussion about the case and
24 what needed to be done.

25 So for the reasons set forth in the application,

1 as well as discussed here this morning particularly the
2 attention paid to duplication, as well as the fine
3 settlement that was a result of their work, I'm happy to
4 approve the fifth and final application of King & Spalding
5 LLP, and King & Spalding International LLP as special
6 counsel.

7 MR. ROSENTHAL: Thank you, Your Honor. And then
8 the final one is a -- is the application of Alvarez & Marsal
9 Global Forensic and Dispute Services Group. They provided
10 some litigation support services related to that litigation.
11 Mr. Abington I believe is on the phone.

12 The application seeks final approval of fees in
13 the amount of \$109,627 and expenses in the amount of
14 \$10,600, and the request would be for final approval of all
15 of those fees and expenses, and release of all holdback
16 amounts as well.

17 THE COURT: All right. Anyone wish to be heard on
18 this application?

19 MR. MORRISSEY: Once again, Your Honor, the U.S.
20 Trustee has no objection.

21 THE COURT: All right. Having reviewed the
22 application of Alvarez & Marsal that is the second interim
23 and final application for services rendered and
24 reimbursement of expenses incurred on behalf of Falcon, I
25 will grant that application as well as consistent with

1 applicable law and guidelines.

2 MR. ROSENTHAL: Thank you, Your Honor.

3 THE COURT: Thank you.

4 MR. ROSENTHAL: And I believe the Milbank firm
5 will -- has volunteered to put together the order that we'll
6 -- they'll run by us, I'm sure --

7 THE COURT: All right.

8 MR. ROSENTHAL: -- and submit.

9 THE COURT: Thank you very much.

10 All right. So I think we're back on to other
11 matters on the agenda.

12 MS. MANDEL: That's correct, Your Honor, back to
13 the claims related matters.

14 The tenth omnibus objection to claims is going
15 forward on an uncontested matter with respect to the claims.
16 I believe 11 claims left after we have adjourned the
17 hearing, with respect to six claims we've discussed earlier.

18 The -- this is essentially a books and records
19 objection. We're seeking to expunge some of the claimants
20 because they have been paid or (indiscernible) that have
21 been asserted about entities other than the debtors or
22 because the debtors' books and records show no liability.

23 We've also asked to reduce and allow some other
24 claims in the reduced amount. The grounds for objecting to
25 all of these claims, I explained in the declaration of Mr.

1 Scott Rinaldi of FTI, that was filed together with the
2 objection. Mr. Rinaldi is on the phone and available for
3 questioning.

4 We -- as Your Honor may be aware, today is the
5 last day by which the reorganized debtors could object to
6 claims asserted against the debtors, so this is the last
7 omnibus objection. We do plan on filing several individual
8 objections today, but that will be the last omnibus
9 objection.

10 We asked that -- we will submit an order to
11 provide the relief with respect to each claim that is not
12 being adjourned in accordance with what was described in the
13 motion, with respect to that particular claim.

14 THE COURT: All right. Anyone wish to be heard on
15 the tenth omnibus objection to claims other than it relates
16 to claims number I guess it's 426, 429 and 507?

17 (No response)

18 THE COURT: All right. I see no one rising --

19 MS. MANDEL: I'm sorry, the three --

20 THE COURT: Oh, I'm sorry. You are correct, the
21 three other ones, which are 51, 124 and 136.

22 MS. MANDEL: That's right.

23 THE COURT: So -- and those -- let me make sure I
24 looked at Mr. Rinaldi's declaration as well as the charts,
25 and those are all -- all the claims are identified by

1 number, so it's very easy to tell what's on and what's off
2 for today.

3 MS. MANDEL: That's right.

4 THE COURT: I will grant the tenth omnibus
5 objection to claims for other than those six claims based on
6 the declaration of Scott Rinaldi and as well as the charts
7 attached that identify the claimants with specificity and
8 also explain exactly why the claims should be expunged,
9 which is set forth in pages 2 and 3 of his declaration at
10 Docket No. 1893.

11 And in light of that, I find that the debtors,
12 reorganized debtors have satisfied their obligation under
13 the law to rebut claims which are otherwise prima facie
14 valid if they contain supporting documentation.

15 MS. MANDEL: Thank you very much, Your Honor.

16 THE COURT: Thank you.

17 MS. MANDEL: I believe that completes our agenda
18 today.

19 MR. KAMPHAUS: No.

20 MS. MANDEL: Oh, I'm sorry, no, I'm sorry. I take
21 that back.

22 MR. ROSENTHAL: Your Honor, I am handling one
23 limited objection that is part of the third omnibus
24 objection and it's the objection to the -- to claim number
25 383.

1 When Mr. Morrissey and I were speaking before the
2 hearing, he complimented me on my ability to say Marahbaha
3 (ph) because it was so hard for people to figure out how to
4 say this, but I frankly have difficulty with the name of the
5 claimant here. It's G.P. Zachritis (ph), and I apologize if
6 I've pronounced it incorrectly, but in any event, we refer
7 to it --

8 THE COURT: I have no intention of wading into
9 those waters without acceptance, so I will refer to that
10 entity as the claimant and only as the claimant. So if
11 you're brave enough to take it on, then I'm very impressed.

12 MR. ROSENTHAL: Your Honor, the history is GPZ
13 performed some construction work for one of Arcapita's
14 portfolio companies Riffler Views (ph) which was developing
15 residential villas in Bahrain. Arcapita guaranteed the
16 contract with GPZ and the guarantee was capped at 5 million
17 of Bahrain dinars. We scheduled the claim as unliquidated
18 and contingent, regardless of how we schedule it, GPZ filed
19 a proof of claim which is claim No. 383, they filed it
20 timely on August 29th.

21 We objected to it in April of 2013, and as the
22 Court will recall, there was an order -- a motion that
23 Arcapita filed to lift the stay to allow an arbitration
24 award --

25 THE COURT: Right.

1 MR. ROSENTHAL: -- to be issued out of Bahrain.
2 The award was issued, and the amount of the award was, if
3 you exclude the amount of award for post-petition interest,
4 the amount of the award was 2,602,104 Bahrain dinars. We
5 believe, Your Honor, that that is the full claim of GPZ
6 which should be allowed.

7 There was no opposition to our objection filed.
8 We filed -- we didn't know if we were going to get an
9 objection or not, we filed a short reply by the reply date
10 of the 25th. So this is essentially an uncontested
11 application at this point.

12 We would therefore request that the Court enter an
13 order allowing the GPZ claim as a Class 5 claim in the
14 amount of 2,602,104 Bahrain dinars, which translates to
15 \$6,902,341.07. And disallow all other portions of the GPZ
16 claim, and of course, the scheduled -- the amounts that GPZ
17 was listed on the schedules was superseded by the claim in
18 any event.

19 THE COURT: All right. Yeah, I thought the reply
20 was helpful because it contained the actual ICC,
21 International Court of Arbitration final award, which
22 explained the dispute between the parties and as it titled,
23 betrays the actual award and decision that the parties had
24 agreed to -- should proceed to a final decision.

25 So I understand there are a couple of parts to

1 this. One is the debtor's request to say that anything
2 beyond this arbitration award is out because it hasn't been
3 justified. And that's why the arbitration award itself is
4 very helpful, because it sort of set the stage and based on
5 my review of it, it appears that this really is -- spans the
6 globe in terms of the dispute that's identified between the
7 parties.

8 So I don't -- I agree with you that there's no
9 basis for a finding that amounts due to the claimant outside
10 of this arbitration award, I don't think the claim just sets
11 some other supporting amounts, it doesn't provide any
12 description. So I'm not even sure it's entitled to prima
13 facie validity for that reason.

14 So I understand that. So that's one part. So
15 it's limited to the arbitration award. Then my question is
16 to the extent that the award, and I was looking at I think
17 page 47 of the award itself, just give me a chance to get
18 there, my question is to the extent that what you're asking
19 me to enter today is different than what's in that award, my
20 question is, what's --

21 MR. ROSENTHAL: The difference is that the
22 award --

23 THE COURT: -- the basis for the departure is.

24 MR. ROSENTHAL: -- includes interest, an interest
25 calculation, and we've just backed -- at a daily rate, and

1 we just backed out the interest for all of the period after
2 the Chapter 11 filing.

3 THE COURT: The petition, all right.

4 All right. That makes perfect sense to me. So
5 that would mean that on page 47 that first part talking
6 about the simple interest --

7 MR. ROSENTHAL: Yes.

8 THE COURT: -- is out, and so it's the principal
9 sum, and I guess it's that principal sum of 2,329,733
10 dinars --

11 MR. ROSENTHAL: Plus interest.

12 THE COURT: -- plus interest up to the petition
13 date.

14 MR. ROSENTHAL: Correct.

15 THE COURT: Is that -- and that's where you get
16 the --

17 MR. ROSENTHAL: Correct.

18 THE COURT: -- 2,602,104.

19 MR. ROSENTHAL: Correct. And that is, it's not
20 the full amount of the 355368 because that's calculating
21 interest through October 21st of 2013, which is --

22 THE COURT: Right. Right. All right. And so
23 then my other question relates to numbers 3 and 4, which
24 talk about costs and expenses in the arbitration itself. I
25 don't know if those have been paid, how they're addressed,

1 or how I should think about them.

2 MR. ROSENTHAL: I believe that -- that's a good
3 question. I do not know the answer. I do not know whether
4 that has been paid or whether that's been included in the
5 2602.

6 THE COURT: What you could do is maybe just file
7 something, a supplement, just to let me know just to sort of
8 clear that for the record.

9 MR. ROSENTHAL: Fine.

10 THE COURT: It may be that it's been paid, in the
11 sense of if you're proceeding with the rest of the
12 arbitration there's an understanding that you need to pay
13 the arbitrator, and that might have just been worked in a
14 budget. I don't remember noticing it, but I wasn't looking
15 for it.

16 So it may be that all those things have already
17 been paid, because they were expenses, administrative
18 expenses once the stay was lifted. But just for purposes of
19 granting the objection, I just sort of want to button it up
20 vis a vis comparison of this sort of summary page of the
21 arbitration so we have all our numbers in a row. And it may
22 be that it's part of the million 602 as well.

23 So if you would just in the next, you know, week
24 or two just submit something. But I will grant the
25 objection for anything outside the scope of the arbitrator's

1 award for the reasons I stated. I will also grant the
2 objection to the extent that the interest calculation is
3 different than the arbitrator's award because of the filing
4 of the petition for that reason. And so the only part left
5 here is these numbers, whether they have been paid, have
6 been rolled up into the number that you presented or it
7 should be dealt with some other way. And --

8 MR. ROSENTHAL: We'll submit something, Your
9 Honor, on that.

10 THE COURT: All right. Yeah, just submit
11 something and then perhaps a proposed order --

12 MR. ROSENTHAL: Will do.

13 THE COURT: -- that revised it that makes that
14 clear that it's for the reasons stated on the record and
15 maybe a line or two about the issue of cost so we have it,
16 one stop shopping, in case despite the lack of objection,
17 someone decides to weigh in on it after the fact.

18 MR. ROSENTHAL: Will do, Your Honor.

19 THE COURT: I have some sympathy for the district
20 judges who are trying to deal with such appeals sometimes --
21 I think we just got a decision from Judge Pauley who was
22 having trouble making sense of a particular argument, so I
23 always sympathize with them trying to sort of figure out
24 exactly what's gone on if the record is a little unclear.

25 MR. ROSENTHAL: Will do.

1 THE COURT: All right?

2 MR. ROSENTHAL: Thank you, Your Honor.

3 THE COURT: Thank you very much. Excuse me.

4 (Pause)

5 THE COURT: A good question has been raised to me.
6 Are the second and third omnibus objections fully resolved?

7 MS. MANDEL: No, Your Honor, there's one claim
8 remaining unresolved on the second omnibus objection which
9 was --

10 THE COURT: Oh, that's 255?

11 MS. MANDEL: That's right.

12 THE COURT: Oh, okay. All right. Got you. All
13 right. Thank you very much. Have a good deal. Good to see
14 you again.

15 MR. ROSENTHAL: Same here.

16 MS. MANDEL: As always.

17 (Proceedings concluded at 11:41 AM)

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Doc. #1881 (Alvarez & Marsal) Final Application 18

for Final Professional Compensation for Alvarez &
Marsal Global Forensic and Dispute Services, LLC,
Other Professional

Doc. #1882 (FTI Consultants) Application for 11

Final Professional Compensation/First and Final
Application of FTI Consulting, Inc. for Allowance
of Compensation and for Reimbursement of Expenses
for Services Rendered in Connection with Falcon
Gas Storage Company, Inc.

Doc. #1883 (King & Spalding) Application for Final 17

Professional Compensation for King & Spalding LLP
and King & Spalding International LLP, Special
Counsel

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I N D E X

R U L I N G S, CONTD.

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Doc. #1885 (Gibson Dunn & Crutcher) Final 15

Application for Final Professional Compensation -

Fifth and Final Application of Gibson, Dunn &

Crutcher, LLP, as Attorneys for Falcon Gas Storage

Company, Inc., for Allowance of Compensation for

Professional Services Rendered and Reimbursement

of Actual and Necessary Expenses Incurred from

April 30, 2012 through February 19, 2014 for

Gibson, Dunn & Crutcher, LLP, Debtor's Attorney,

period: 4/30/2012 to 2/19/2014, fee: \$1,019,417.50;

expenses: \$6,771.14

Doc. #1893 (10th) Motion for Omnibus Objection to 21

Claim(s)/Tenth Omnibus Objection to Claims

Doc. #1051 (3rd) Motion for Omnibus Objection to 26

Claim(s) - Debtors' Third Omnibus Objection to Claims


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C E R T I F I C A T I O N

I, Sheila G. Orms, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

Dated: April 30, 2014

Sheila
Orms

 Digitally signed by Sheila Orms
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