

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

**In re**

**EQUIPMENT ACQUISITION RESOURCES,  
INC.,**

**Debtor.**

**Chapter 11**

**Case No. 09-39937**

**Hon. John H. Squires**

**Date: August 19, 2010**

**Time: 9:30 a.m.**

**NOTICE OF MOTION**

To: See attached Service List

PLEASE TAKE NOTICE that on **August 19, 2010 at 9:30 a.m.** or as soon thereafter as counsel may be heard, we will appear before United States Bankruptcy Judge John H. Squires, or any other judge sitting in his stead, in Courtroom 680 of the Dirksen Federal Courthouse, 219 S. Dearborn Street, Chicago, Illinois, on the attached **FIRST AND FINAL APPLICATION OF ARNSTEIN & LEHR LLP FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF COSTS AS DEBTOR'S COUNSEL**, at which time and place you may appear as you see fit.

**ARNSTEIN & LEHR LLP**

By: /s/ Miriam R. Stein.  
One of Its Attorneys

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**CERTIFICATE OF SERVICE**

I, Miriam R. Stein, hereby certify that I caused a copy of the following documents that were filed with the Clerk of the Bankruptcy Court on July 29, 2010:

1. FIRST AND FINAL APPLICATION OF ARNSTEIN & LEHR LLP FOR ALLOWANCE OF INTERIM FEES AND REIMBURSEMENT OF COSTS AS DEBTOR'S COUNSEL
2. COVER SHEET FOR APPLICATION FOR PROFESSIONAL COMPENSATION
3. NOTICE OF HEARING ON FEE APPLICATION TO ALL CREDITORS

to be served on the parties listed on the attached Service List by the Court's ECF system and/or U.S. Mail, postage prepaid, on July 29, 2010.<sup>1</sup>

/s/ Miriam R. Stein

Miriam R. Stein

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<sup>1</sup> A separate Notice of Hearing was served by U.S. Mail on all known creditors and all other parties in interest of Equipment Acquisition Resources, Inc.

**SERVICE LIST**

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**IN THE UNITED STATES BANKRUPTCY COURT  
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**In re**

**EQUIPMENT ACQUISITION RESOURCES,  
INC.,**

**Debtor.**

**Chapter 11**

**Case No. 09-39937**

**Hon. John H. Squires**

**Date: August 19, 2010**

**Time: 9:30 a.m.**

**FIRST AND FINAL APPLICATION OF ARNSTEIN & LEHR LLP FOR  
COMPENSATION AND REIMBURSEMENT FOR EXPENSES FOR PERIOD  
OCTOBER 23, 2009 THROUGH JULY 15, 2010**

Arnstein & Lehr LLP (“A&L”), counsel for Equipment Acquisition Resources, Inc., the reorganized debtor (“Debtor”), pursuant to 11 U.S.C. §§ 327 and 330, applies to this Court for an entry of an order: (a) allowing as final compensation the amount of \$254,249.50 for legal services rendered during the period October 23, 2009 through July 15, 2010 and reimbursement to A&L in the amount of \$11,660.63 in expenses; and (b) authorizing and directing the Debtor to pay the allowed fees and expenses for the October 23, 2009 through July 15, 2010. In support thereof, A&L respectfully states as follows:

**BACKGROUND**

1. On October 23, 2009 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the “Chapter 11 Case”). On the same date, the Debtor filed its Bankruptcy Schedules and Statement of Financial Affairs.

2. On November 19, 2009, this Court entered an Order approving Debtor’s employment of Barry A. Chatz, Miriam R. Stein and A&L as Debtor’s bankruptcy counsel in the Chapter 11 Case retroactive to the Petition Date

3. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor operated its business and managed its financial affairs as a debtor in possession until the

confirmation of the Debtor's Second Amended Plan of Liquidation on July 15, 2010. No trustee, examiner or committee was appointed in the Chapter 11 Case.

4. The Debtor is an Illinois Corporation, organized and existing under the laws of the state of Illinois and prior to the Petition Date operated in several buildings near its former headquarters at 555 S. Vermont Street, Palatine, Illinois.

5. Prior to commencement of this Chapter 11 Case, the Debtor purported to be a market maker in the semiconductor manufacturing equipment sales and servicing industry. The Debtor marketed and sold technologically advanced equipment to customers throughout the world. The Debtor also purported to perform processing services for companies in the semiconductor industry.

6. The Debtor owned and/or leased numerous pieces of semiconductor manufacturing equipment. The Debtor has subsequently abandoned its interest in this equipment pursuant to Court order dated December 10, 2009.

7. On October 8, 2009, after it became clear that the Debtor may have engaged in fraudulent activity, the members of the Debtor's board of directors and its officers resigned. The shareholders elected William A. Brandt, Jr. as the sole member of the board of directors and as the Chief Restructuring Officer (the "CRO"). The CRO filed the instant petition to manage the Debtor's assets for the benefit of all creditors.

8. On July 15, 2010, the Bankruptcy Court entered an Order confirming the Debtor's Second Amended Plan of Liquidation ("Plan"). Pursuant to the Plan, all of the remaining assets of the Debtor, including potential litigation claims, will remain in the estate to be liquidated and distributed to creditors. The CRO has been appointed as the Plan Administrator and will be responsible for the continued administration of the estate assets.

**Narrative Summary of Services**

9. A narrative summary of the services rendered by A&L during the period October 23, 2009 through July 15, 2010 is set forth below. Itemized and detailed descriptions of the specific services rendered by A&L to the Debtor during this period are reflected on the billing statements attached hereto as Exhibits A through I. The billing statements set forth the name of each attorney or paralegal, the amount of time expended rendering each service, the date on which each service was rendered, a description of the service rendered and the total number of hours of services rendered by each attorney or paralegal in each category.

10. The services rendered by A&L during the period October 23, 2009 through July 15, 2010 have been segregated into nine (9) categories as follows: (A) Case Administration; (B) Schedules / Statement of Financial Affairs; (C) Employment of Professionals; (D) Sale of Assets; (E) Relief of Stay Issues; (F) Meeting of Creditors; (G) Plan / Disclosure Statement; (H) Claims Administration / Creditor Issues; and (I) Litigation. There is also an additional 'Expenses' category summarized in Exhibit J. The time expended in each billing category is set forth below, and summarized by professional as follows:

<b><u>Attorney / Professional</u></b>	<b><u>Specialty</u></b>	<b><u>Hours</u></b>	<b><u>Hourly Rate 2009</u></b>	<b><u>Hourly Rate 2010</u></b>
Barry A. Chatz ("BAC")	Bankruptcy	123.4	\$565	\$595
Becky L. Sutton ("BLS")	Paralegal	18.6	\$215	\$215
Caridad Sanchez ("CSA")	Paralegal	5.6	\$160	\$160
George P. Apostolides ("GPA")	Litigation	174.2	\$405	\$420
Hal R. Morris ("HRM")	Litigation	2.9	\$450	\$450
Jason B. Hirsh ("JBH")	Litigation	2.8	\$310	\$330
Jurate B. Medziak ("JBM")	Paralegal	2.0	\$175	\$175
Kevin H. Morse ("KHM")	Bankruptcy	94.5	\$255	\$265
Konstantinos Armiros ("KA")	Bankruptcy	11.9	\$535	\$540
Michelle G. Novick ("MGN")	Bankruptcy	1.3	\$430	\$450
Marc S. Zaslavsky ("MSZ")	Bankruptcy	3.4	N/A	\$265



Miriam A. Stein ("MZS")	Bankruptcy	69.3	\$430	\$450
Robert A. McKenzie ("RAM")	Litigation	92.0	\$255	\$265
Robert J. Taylor ("RJT")	Real Estate	7.6	\$390	\$400
Ronald R. Fieldstone ("RRF")	Real Estate	4.7	\$450	\$500
Sarah D. Ryczek ("SDR")	Paralegal	37.4	\$210	\$215
Susan L. Mahon ("SLM")	Paralegal	2.9	\$210	\$215
Theresa Wolf-McKenzie ("TZM")	Tax	7.4	\$325	\$325
Thomas F. McGuire ("TFG")	Tax	0.5	\$455	\$475
William J. Anaya ("WJA")	Real Estate	3.6	\$500	\$540
	<b>TOTAL:</b>	<b>666.00</b>		

11. The hourly rates listed above are customary and reasonable and are the same hourly rates charged to A&L's non-bankruptcy clients for other matters.

12. The fees sought by A&L in each of the aforesaid billing categories are summarized as follows:

<u>EXHIBIT</u>	<u>TITLE OF CATEGORY</u>	<u>AMOUNT SOUGHT</u>
A	Case Administration	\$71,739.00
B	Schedules / Statement of Financial Affairs	\$4,643.50
C	Employment of Professionals	\$7,443.50
D	Sale of Assets	\$24,688.00
E	Relief of Stay Issues	\$13,018.50
F	Meeting of Creditors	\$1,553.00
G	Plan / Disclosure Statement	\$49,802.50
H	Claims Administration / Creditor Issues	\$2,671.50
I	Litigation	\$78,979.50
	<b>TOTAL FEES</b>	<b>\$254,249.50</b>
J	Expenses	\$11,660.63

13. There has been no duplication of services, either by partners, associates or paralegals of A&L. When two or more professionals participated in any activity, such joint participation was necessary as a result of either the complexity of the problems involved or the

need to familiarize each professional with the matters at issue so that each professional could perform further necessary work. Further, prior to the filing of this Application, A&L wrote off, discounted or did not charge for several time entries relating to meetings or court appearances where more than one attorney was present.

14. The tasks performed by A&L in each of the listed categories and expenses incurred by A&L are set forth in the attached exhibits and are summarized as follows:

EXHIBIT A – General Case Administration: This category includes the following: preparation of the Debtor’s first day motions and attendance at court hearings relating to the first day motions; communications and meetings with the CRO; review of Debtor’s corporate and organizational documents; drafting of twenty-three (23) deeds to real property in Wyoming, Illinois and Florida for transfer; multiple conferences regarding deeds and transfer of real property to Debtor; recording of the deeds; creation of spreadsheet listing all real property deeded to the Debtor; discussions with former consultants regarding disgorgement of funds; work to determine location of potential assets of the estate; discussions and negotiations with the landlord regarding administrative claim and access to offices; and preparation of the Debtor’s monthly operating reports. A&L spent 197.6 hours of attorney and paralegal time on the foregoing services, as is more fully described in Exhibit A.

<b>Case Administration</b>			
<b><u>Professional</u></b>	<b><u>Position</u></b>	<b><u>Hours</u></b>	<b><u>Compensation Sought</u></b>
BAC	Partner	40.6	\$23,281.00
BLS	Paralegal	2.4	\$516.00
CSA	Paralegal	5.6	\$896.00
GPA	Partner	31.8	\$13,308.00
JBM	Paralegal	2.0	\$350.00
KHM	Associate	0.4	\$106.00
KA	Partner	2.1	\$1,123.50
MZS	Partner	6.9	\$3,031.00
RAM	Associate	41.7	\$11,050.50
RJT	Partner	7.6	\$3,027.00
RRF	Partner	4.7	\$2,115.00
SDR	Paralegal	37.4	\$7,879.00
SLM	Paralegal	2.9	\$623.50
TWM	Partner	7.4	\$2,405.00
TFM	Partner	0.5	\$227.50

WJA	Partner	3.6	\$1,800.00
Discount <sup>1</sup>			(\$289.50)
<b>Total</b>		<b>197.6</b>	<b>\$71,449.50</b>

**EXHIBIT B – Schedules / Statements of Financial Affairs:** This category includes the following: review of information provided from Debtor in preparation of the schedules and statements of financial affairs; drafting motion to extend time to file schedules and attendance at hearing on the motion; drafting of global notes to the schedules to inform creditors of potential issues with the Debtor’s books and records; communications and meetings with the CRO regarding the schedules and statements; and amendments to the schedules to list creditors as disputed. A&L spent 15.1 hours of attorney and paralegal time on the foregoing services, as is more fully described in Exhibit B.

<b>Schedules / Statements of Financial Affairs</b>			
<u>Professional</u>	<u>Position</u>	<u>Hours</u>	<u>Compensation Sought</u>
BAC	Partner	1.1	\$621.50
BLS	Paralegal	7.7	\$1,655.50
KHM	Associate	1.8	\$477.00
MGN	Partner	1.3	\$559.00
MZS	Partner	2.9	\$1,251.00
RAM	Associate	0.3	\$79.50
<b>Total</b>		<b>15.1</b>	<b>\$4,643.50</b>

**EXHIBIT C – Employment of Professionals:** This category includes the following: drafting a motion to employ A&L; drafting a motion to employ Development Specialists, Inc. as financial advisors to the Debtor; review of UST and creditor’s objection to financial advisor application; drafting a motion to employ special litigation counsel to investigate potential claims against former accounting firm; and attendance at hearings on employment applications. A&L spent 20.4 hours of attorney time on the foregoing services, as is more fully described in Exhibit C.

<b>Employment of Professionals</b>			
<u>Professional</u>	<u>Position</u>	<u>Hours</u>	<u>Compensation Sought</u>
BAC	Partner	3.9	\$2,254.50
GPA	Partner	1.7	\$714.00
KHM	Associate	5.3	\$1,404.50

<sup>1</sup> A discount in fees was provided to the Debtor when a duplication of services occurred or more than one attorney attended a court hearing.

MSZ	Associate	1.0	\$265.00
MZS	Partner	5.6	\$2,408.00
RAM	Associate	2.9	\$768.50
Discount			(\$371.00)
<b>Total</b>		<b>20.4</b>	<b>\$7,443.50</b>

EXHIBIT D – Sale of Assets: This category includes the following: drafting a motion to approve sale of vehicles; discussions with creditors regarding the sale motion; meetings with CRO and potential purchaser of Debtor’s stock; drafting stock purchase agreement for a potential sale of Debtor’s stock; drafting motion to abandon certain real property of the Debtor; numerous conferences with creditors relating to abandonment of assets; correspondence and meetings with CRO regarding abandoned assets and remaining assets of the estate; and other and further services relating to the disposition of estate assets. A&L spent 54.5 hours of attorney and paralegal time on the foregoing services, as is more fully described in Exhibit D.

<b>Sale of Assets</b>			
<u>Professional</u>	<u>Position</u>	<u>Hours</u>	<u>Compensation Sought</u>
BAC	Partner	20.9	\$12,003.50
BLS	Paralegal	3.3	\$709.00
GPA	Partner	8.3	\$3,477.00
KA	Partner	6.5	\$3,510.00
MZS	Partner	6.6	\$2,868.00
RAM	Associate	8.9	\$2,358.50
Discount			(\$238.50)
<b>Total</b>		<b>54.5</b>	<b>\$24,688.00</b>

EXHIBIT E – Relief of Stay Issues: This category includes the following: review of multiple motions for relief from stay filed by secured creditors; drafting responses and attendance at hearings for the motions for relief from stay; research regarding the transfer of assets to corporate debtor post-petition; conferences to determine strategy in opposing motions for relief from stay; negotiations with ICON’s counsel regarding settlement of stay issues; discussion with chapter 7 trustee of former principal’s bankruptcy regarding violation of stay issues; preparation for potential evidentiary hearings on relief from stay issues, including meetings with CRO, review research, and preparation of exhibit and witness lists; attendance at hearing on secured lender’s motion for relief from stay; and further services relating to stay relief issues. A&L spent 35.8 hours of attorney time on the foregoing services, as is more fully described in Exhibit E.

<b>Relief of Stay Issues</b>			
<b><u>Professional</u></b>	<b><u>Position</u></b>	<b><u>Hours</u></b>	<b><u>Compensation Sought</u></b>
BAC	Partner	10.3	\$6,002.50
GPA	Partner	4.7	\$1,969.50
KHM	Associate	12.1	\$3,085.50
MSZ	Associate	1.3	\$559.00
RAM	Associate	7.4	\$1,961.00
Discount			(\$559.00)
		<b>35.8</b>	<b>\$13,018.50</b>

EXHIBIT F – Meeting of Creditors: This category includes the following: time spent preparing for the meeting of creditors and attendance at the meeting of creditors. A&L spent 3.20 hours of attorney time on the foregoing services, as is more fully described in Exhibit F.

<b>Meeting of Creditors</b>			
<b><u>Professional</u></b>	<b><u>Position</u></b>	<b><u>Hours</u></b>	<b><u>Compensation Sought</u></b>
BAC	Partner	1.5	\$892.50
GPA	Partner	1.5	\$607.50
RAM	Associate	0.2	\$53.00
<b>Total</b>		<b>3.2</b>	<b>\$1,553.00</b>

EXHIBIT G – Plan of Reorganization / Disclosure Statement: This category includes the following: developing a strategy to liquidate the Debtor and distribute estate assets; meetings with CRO to discuss plan options and strategy; draft disclosure statement and plan of liquidation; conduct research on limits to bankruptcy court’s jurisdiction is assets transferred to creditor trust; significant amendments to disclosure statement and plan; draft plan administrator agreement; draft motion to modify plan; count ballots and create ballot report on plan confirmation; and attendance at confirmation hearing. A&L spent 140.2 hours of attorney time on the foregoing services, as is more fully described in Exhibit G.

<b>Plan of Reorganization / Disclosure Statement</b>			
<b><u>Professional</u></b>	<b><u>Position</u></b>	<b><u>Hours</u></b>	<b><u>Compensation Sought</u></b>
BAC	Partner	17.7	\$10,531.50
GPA	Partner	0.2	\$84.00

KHM	Associate	73.9	\$19,583.50
MSZ	Associate	2.4	\$636.00
MZS	Partner	46.0	\$20,700.00
Discount			(\$1,732.50)
<b>Total</b>		<b>140.2</b>	<b>\$49,802.50</b>

Exhibit H – Claims Administration / Creditor Issues: This category includes the following: drafting a motion to establish claims bar date and attendance at hearing on the motion; communications with various creditors relating to the filing of the Debtor’s petition; multiple meetings with various creditors regarding the abandonment of assets and sending an email to creditors pertaining to same; review of claims filed in case; and telephone calls from creditors requesting documents and information. A&L spent 6.9 hours of attorney time on the foregoing services, as is more fully described in Exhibit H.

<b>Claims Administration / Creditor Issues</b>			
<u>Professional</u>	<u>Position</u>	<u>Hours</u>	<u>Compensation Sought</u>
BAC	Partner	3.2	\$1,826.00
BLS	Paralegal	2.7	\$580.50
KHM	Associate	1.0	\$265.00
<b>Total</b>		<b>6.9</b>	<b>\$2,671.50</b>

EXHIBIT I – Litigation: This category includes the following: preparation for potential evidentiary hearings on relief from stay; drafting of discovery documents, including requests to produce and interrogatories; drafting motion to compel discovery answers and reply to opposition; preparation and submission of all documents requested from opposing parties; review and analysis of documents produced by opposing parties; drafting of complaints against former accounting firm, IRS, secured creditors and former principals of the Debtor; review of answers filed in adversary proceedings; communications with CRO regarding evidence, case status, potential testimony and potential settlement opportunities; and further services relating to pending litigation. A&L spent 192.3 hours of attorney time on the foregoing services, as is more fully described in Exhibit I.

<b>Litigation</b>			
<u>Professional</u>	<u>Position</u>	<u>Hours</u>	<u>Compensation Sought</u>
BAC	Partner	24.2	\$14,159.00
BLS	Paralegal	2.5	\$537.50
GPA	Partner	126.0	\$52,183.50

HRM	Partner	2.9	\$1,305.00
JBH	Associate	2.8	\$910.00
KA	Partner	3.3	\$1,775.50
RAM	Associate	30.6	\$8,109.00
<b>Total</b>		<b>192.3</b>	<b>\$78,979.50</b>

Exhibit J – Expenses: Exhibit J lists expenses, such as copying costs at 10¢ per page, federal express charges for service on overseas creditors and overnight delivery charges, research costs and transportation costs. A&L has voluntarily reduced its copying charges from \$.20 per page to \$.10 per page, and has eliminated the cost of sending and receiving faxes (except for the long distance portion of outgoing faxes). A&L seeks \$11,660.63 in expenses, as is more fully described in Exhibit J.

<b>Expenses</b>	
<u>Category</u>	<u>Amount</u>
Photocopies	\$4,541.20
Outgoing Facsimile	\$1.04
Messenger Services	\$146.75
Deed Recording	\$451.25
Title Searches	\$2,385.00
Court Transcripts	\$169.75
Postage	\$1,998.38
Overnight Mail (FedEx)	\$321.54
Court/Administrative Filing Fees	\$878.50
Long Distance / Conference Calls	\$549.07
Lunch (Creditors' Meeting)	\$218.15
<b>Total</b>	<b>\$11,660.63</b>

15. A&L respectfully submits that the fees and expense reimbursement sought herein are reasonable given the nature, extent and value of the services rendered, the quality and skill which the situation required, the costs of comparable services in other cases under Chapter 11, and that the time has been fairly and properly expended.

16. A&L expended a total of 666.0 hours for the services provided to the Debtor. Based on the hourly charges of A&L set forth above, A&L requests that the Court determine and

allow it \$254,249.50 as compensation and \$11,660.63 for the reimbursement of reasonable out-of-pocket expenses pursuant to Section 330 of the Bankruptcy Code. Upon this Court's granting of the Application, A&L will first apply the retainer in the amount of \$58,986.36 ("Retainer") to the allowed fees and expenses and seek payment of the remainder from the Plan Administrator.

17. A copy of the Application has been sent to the Debtor and all parties entitled to notice via the Court's electronic notice system, including the United States Trustee. Notice of the Application and hearing date has been sent to all known creditors of the estate and all other parties entitled to notice.

WHEREFORE, Barry A. Chatz, Miriam R. Stein, Kevin H. Morse and the law firm of Arnstein & Lehr LLP respectfully request that the Court enter an Order:

- A. Awarding it \$254,249.50 as final compensation and \$11,660.63 as reimbursement of expenses as set forth herein pursuant to Bankruptcy Code Section 330 of the Bankruptcy Code;
- B. Authorizing A&L to apply the Retainer to the fees and expenses allowed;
- C. Authorizing the Debtor to pay the remainder of the fees and expenses allowed;  
and
- D. Granting such other and further relief as the Court deems just and proper.

ARNSTEIN & LEHR LLP

By:  /s/ Miriam R. Stein  
One of its Attorneys

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