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11 Attorneys for The Official Committee of
Unsecured Creditors of CTC Cable Corporation

12 **UNITED STATES BANKRUPTCY COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **SANTA ANA DIVISION**
15

16 In re:
17 COMPOSITE TECHNOLOGY
18 CORPORATION, a Nevada corporation,
19 CTC CABLE CORPORATION,
20 a Nevada corporation,
21 STRIBOG INC.,
22 a Nevada corporation,
23 CTC RENEWABLES CORPORATION, a
24 Nevada corporation,
25 All Debtors.
26 Debtors and
27 Debtors-in-Possession.
28

Case No. 8:11-bk-15058 SC
Jointly Administered with Case Nos.
8:11-bk-15059 SC; 8:11-bk-15065 SC; and
8:11-bk-15130-SC
Chapter 11
**JOINT APPLICATION OF DEBTORS
AND THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF CTC
CABLE CORPORATION FOR
AUTHORITY TO EMPLOY LANDAU
GOTTFRIED & BERGER LLP AS
SPECIAL LITIGATION COUNSEL;
DECLARATION OF MICHAEL I.
GOTTFRIED**
[11 U.S.C. §§ 327 and 328]
[No Hearing Requested or Required]

1 **TO THE HONORABLE SCOTT CLARKSON, UNITED STATES BANKRUPTCY**
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL PARTIES IN**
3 **INTEREST:**

4 Composite Technology Corporation, CTC Cable Corporation, Stribog, Inc. and CTC
5 Renewables Corporation, the jointly administered debtors (collectively, the “Debtors”) in the
6 above captioned bankruptcy case, and The Official Committee of Unsecured Creditors of CTC
7 Cable corporation (the “CTC Committee”) hereby jointly apply to the Court for an order
8 authorizing them to employ Landau Gottfried & Berger LLP (“LG&B”) as special litigation
9 counsel to both the Debtors and the CTC Committee.

10 The Debtors and the CTC Committee have identified potential claims against certain
11 officers and directors (the “Insiders”) of the Debtors based on, among other things, breaches of
12 fiduciary duty, dissipation of corporate assets, self-dealing and the avoidance and recovery of
13 transfers made to or for the benefit of the Insiders (collectively, the “Insider Claims”), which
14 claims may result in the estates’ recovery of millions of dollars available for distribution to
15 creditors. Based on LG&B’s expertise and experience in complex bankruptcy litigation,
16 including litigation of the claims of the nature contemplated by this employment, the Debtors and
17 the CTC Committee believe it is in the best interests of the estates and creditors for LG&B to be
18 employed jointly by the Debtors and the CTC Committee to initiate and prosecute litigation of
19 the Insider Claims.

20 The Debtors and the CTC Committee believe that compensation for the prosecution of
21 the Insider Claims should be on a contingent fee basis as provided in 11 U.S.C. § 328. The
22 Debtors and the CTC Committee have requested and LG&B has agreed to pursue the Insider
23 Claims on a contingent fee basis on the terms set forth in this application.

24 The Debtors and the CTC Committee believe that, given LG&B’s litigation expertise in
25 matters of this nature and its willingness to perform such services on a contingent fee basis,
26 employing LG&B to prosecute the Insider Claims is in the best interests of the Debtors’ estates
27 and their creditors. None of the services that LG&B will render in connection with prosecuting
28

1 the Insider Claims will be duplicative of the services rendered by any of the other professionals
2 of the Debtors or the CTC Committee employed in these cases.

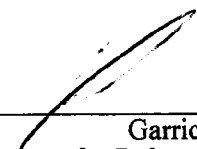
3 This application is made and based upon the attached Memorandum of Points and
4 Authorities and Declaration of Michael Gottfried and upon any additional evidence and argument
5 that may be presented to the Court at or before the time of the hearing on this application, if any
6 should be held.

7 WHEREFORE, the Debtors and the CTC Committee pray that the Court enter its order
8 as follows:

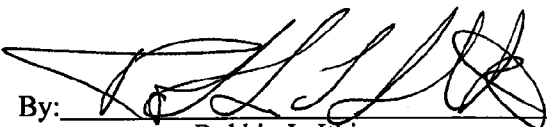
- 9 1. Authorizing the employment of LG&B under 11 U.S.C. § 328 on a contingent fee
10 basis as set forth in this Application to investigate and pursue the Insider Claims for the benefit
11 of the Debtors' estates and their creditors;
- 12 2. Granting LG&B a first-priority attorney's lien against all Insider Claims and any
13 resulting Litigation Recoveries as described and defined herein, without the need for LG&B to
14 take any action to perfect its lien; and
- 15 3. Granting such other and further relief as the Court deems just and appropriate.

16 Dated: February 17, 2012

17 WINTHROP COUCHOT PC
18 PAUL J. COUCHOT
19 RICHARD H. GOLUBOW
20 GARRICK A. HOLLANDER

21 By: 
22 Garrick A. Hollander
23 Attorneys for Debtors and Debtors-in-Possession

24 STEPTOE & JOHNSON LLP
25 ROBBIN L. ITKIN
26 EMILY C. MA

27 By: 
28 Robbin L. Itkin
Attorneys for The Official Committee of Unsecured
Creditors of CTC Cable Corporation

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. STATEMENT OF FACTS.**

3 On April 10, 2011, petitions for relief were filed by Composite Technology Corporation
4 (“CTC”) and CTC Cable Corporation (“Cable”). On April 11, 2011 Striborg, Inc. (“Stribog”)
5 filed its petition for relief under Chapter 11 of the Bankruptcy Code. On April 12, 2011 CTC
6 Renewables Corporation (“Renewables”) filed its petition for relief under Chapter 11 of the
7 Bankruptcy Code. Since the Petition Date, the Debtors have managed their financial affairs as
8 debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

9 On April 12, 2011, this Court entered orders jointly administering the Debtors’ cases of
10 CTC, Cable and Stribog [Docket No. 5]. On April 22, 2011, the Court entered an order jointly
11 administering the case of Renewables with the other Debtors [Docket No. 11].

12 On April 22, 2011, the Office of the United States Trustee appointed the Official
13 Committee of Unsecured Creditors (the “CTC Committee”) in the Cable case [Docket No. 35].

14 On August 4, 2011, the Bankruptcy Court heard and granted the Debtors’ Motion for
15 Order (1) Approving the Sale of Substantially All Assets of the Estate Free and Clear of Liens,
16 Claims, and Interests Pursuant to 11 U.S.C. § 363; (2) Authorizing the Assumption and
17 Assignment of Certain Executory Contracts; and (3) Authorizing the Rejection of Debtors’
18 Interests, if any, in Certain Contracts (“Sale Motion”) [Docket No. 221]. On August 11, 2011,
19 the Bankruptcy Court entered an order granting the Sale Motion [Docket No. 234]. On or about
20 August 15, 2011, the Debtors closed on the sale of substantially all assets of the Debtors’ estates
21 to CTC Acquisition Corp., a Delaware corporation.

22 After the closing, the Debtors promptly filed an application to retain Brian Weiss, an
23 experienced Chief Restructuring Officer, to wind down the Debtors’ business affairs, including
24 recovering money for the estates’ creditors and resolving disputes amongst the creditors [Docket
25 No. 267]. A stipulated order was entered on October 6, 2011 approving Mr. Weiss’ employment
26 [Docket No. 267].

27 Mr. Weiss and the CTC Committee have discovered and identified millions of dollars of
28 potential claims against certain officers and directors (the “Insiders”) based on, among other

1 things, breaches of fiduciary duty, dissipation of corporate assets, self-dealing and for avoidance
2 of transfers made to or for the benefit of the Insiders, which claims may result in the estates'
3 recovery of millions of dollars available for distribution to creditors. Based on LG&B's
4 expertise and experience in complex bankruptcy litigation, including litigation of claims similar
5 to those contemplated by this proposed employment, the Debtors and the CTC Committee
6 believe it is in the best interests of the estates for LG&B to be engaged to initiate and prosecute
7 litigation of the Insider Claims for the benefit of the Debtors' estates and their creditors.

8 The Debtors and the CTC Committee believe that compensation for the prosecution of the
9 Insider Claims should be pursued on a contingent fee basis as contemplated by 11 U.S.C. § 328.
10 The Debtors have requested and LG&B has agreed to pursue the Insider Claims on a contingent
11 basis as set forth herein.

12 The Debtors and the CTC Committee believe that employing LG&B on a contingent fee
13 basis to prosecute the Insider Claims is in the best interests of the Debtors' estates and their
14 creditors. None of the services that LG&B will render in connection with the above captioned
15 bankruptcy cases will be duplicative of the services rendered by any of the other professionals of
16 the Debtors employed in these cases. Specifically, an application to amend the terms of Debtors'
17 bankruptcy counsel's employment to enable such counsel to pursue **non-insider** avoidance actions
18 has been filed separately. For these reasons, as explained in detail below, the Debtors and the CTC
19 Committee request that the Court approve LG&B's employment on the terms described herein.

20 **II. SCOPE OF PROPOSED LG&B EMPLOYMENT.**

21 The Debtors and the CTC Committee seek to retain LG&B as their special litigation
22 counsel to investigate and prosecute claims the Debtors' estates may have against the Insiders,
23 including, but not limited to, claims based on breach of fiduciary duty, negligence, aiding and
24 abetting breach of fiduciary duty, waste of corporate assets, self-dealing and avoidance and
25 recovery of transfers made to or for the benefit of the Insiders.

26 **III. LG&B'S QUALIFICATIONS.**

27 LG&B and its attorneys specialize in bankruptcy, reorganization and litigation matters,
28 and have substantial experience in representing parties in complex bankruptcy litigation,

1 including litigation of claims similar to those contemplated by this employment. For example,
2 LG&B recently has prepared and filed substantially similar claims against directors, officers,
3 other insiders and related third parties in *Diamond v. Empire Partners, Inc. (In re Empire Land,*
4 *LLC)*, United States Bankruptcy Court for the Central District of California, Case No. 6:08-
5 14592 MJ; Adv. Proc. No. 6:09-ap-01235-CB; *Diamond v. Empire Partners, Inc. (In re Empire*
6 *Land, LLC)*, United States Bankruptcy Court for the Central District of California, Case No.
7 6:08-14592 MJ; Adv. Proc. No. 6:10-ap-01319-CB; *Diamond v. Empire Partners, Inc. (In re*
8 *Empire Land, LLC)*, United States Bankruptcy Court for the Central District of California, Case
9 No. 6:08-14592 MJ; Adv. Proc. No. 6:10-ap-01329-CB; *Diamond v. O'Melveny & Myers LLP*
10 *(In re Empire Land, LLC)*, United States Bankruptcy Court for the Central District of California,
11 Case No. 6:08-14592 MJ; Adv. Proc. No. 6:10-ap-01320-CB; and *Diamond v. Heritage Fund I,*
12 *L.P. (In re APX Holdings, L.L.C.)*, United States District Court for the Central District of
13 California, Case No. CV08-02770 GW. The last-identified case resulted in two separate
14 settlements – one with the insiders and one with the insiders' lawyers – resulting in significant
15 payments to the Debtors' estates. The other identified cases are still pending.

16 The Debtors and the CTC Committee anticipate that the attorneys who will have
17 principal responsibility for this proposed representation will be Michael I. Gottfried, Richard S.
18 Berger and Peter J. Gurfein, although the services of other LG&B professionals may be utilized
19 based on their skills and experience relative to the tasks that may be assigned to them. The
20 biographical information for LG&B's professionals that we anticipate will be working on this
21 matter is attached hereto as Exhibit 1, and by such reference is incorporated herein.
22 Based upon their investigation, including, but not limited to, their interview of LG&B
23 professionals and their review of the information contained in Exhibit 1 to the attached
24 Declaration of Michael I. Gottfried (the "Gottfried Declaration"), the Debtors and the CTC
25 Committee believe that LG&B has the requisite experience and qualifications to act as their
26 special litigation counsel in connection with prosecution of the Insider Claims and urge that this
27 application be granted.

28

1 **IV. LG&B'S TERMS OF EMPLOYMENT.**

2 **A. Attorneys' Fees.**

3 LG&B will be compensated for its legal services rendered in connection with the Insider
4 Claims on a contingent fee basis pursuant to 11 U.S.C. § 328(a), and will be entitled to seek
5 compensation only if a recovery is obtained for the Debtors' estates.

6 The fee to be paid to LG&B will be a percentage of the Litigation Recoveries, depending
7 on the stage at which recovery is obtained. The term "Litigation Recoveries" means the total of
8 all amounts received in connection with the Insider Claims, whether by way of settlement,
9 arbitration award or judgment, including any award of attorneys' fees.

10 LG&B's fee shall be calculated as follows:

- 11 1. 33% of Litigation Recoveries obtained prior to the original discovery cutoff
12 date;
- 13 2. 37% of Litigation Recoveries obtained after the original discovery cutoff
14 date and prior to the original scheduled trial date; and
- 15 3. 40% of Litigation Recoveries on or after the original scheduled trial date.

16 Pursuant to 11 U.S.C. § 330, the contingency fee due to LG&B shall be paid to LG&B
17 without further order of this Court.

18 **B. Reimbursement Of Expenses.**

19 LG&B will incur various costs and expenses¹ in connection with its investigation and
20 prosecution of the Insider Claims, including hiring consultants such as expert witnesses,
21 investigators, mediators and arbitrators. LG&B will consult with the Debtors and the CTC
22 Committee with respect to hiring such consultants and shall obtain written approval prior to
23 retaining those consultants, including approval by the Debtors and the CTC Committee of any
24 costs and expenses that may be incurred in such retention and the terms of that retention. Subject
25 to the foregoing, the Debtors will reimburse LG&B for all reasonable costs and expenses so
26

27 ¹ Costs and expenses commonly include court fees, jury fees, service of process charges, court and deposition reporters' fees, photocopying and
28 reproduction costs, notary fees, delivery fees, postage, deposition costs, travel costs including parking, mileage, transportation, meals and hotel
costs, investigation expenses, consultant, expert witness, professional mediator, arbitrator and/or special master fees. LG&B will not seek
reimbursement for costs and expenses it considers normal operating costs of its practice, such as telephone charges, postage, facsimile and minor
photocopy charges.

1 incurred, and all prior approved expenses, regardless whether there are Litigation Recoveries or
2 the amount of such recoveries. LG&B shall seek reimbursement of costs and expenses by
3 application to the Court at such time as other professionals seek awards of fees and
4 reimbursement of expenses.

5 **C. Attorneys' Lien.**

6 LG&B shall have a lien on any and all claims or causes of action that are characterized as
7 Insider Claims in this application and on all Litigation Recoveries that may be obtained in
8 connection with the Insider Claims, whether by arbitration award, judgment, settlement or
9 otherwise with respect to the Insider Claims. The lien will prime and be senior to any and all liens
10 or claims against any Litigation Recoveries, and will be in such amount necessary to secure
11 payment of any sums owing to LG&B for (a) all attorneys' fees owed to LG&B pursuant to the
12 terms of this engagement, and (b) any unpaid costs and expenses. The effect of such a lien is that
13 LG&B may be able to compel payment of reasonable fees and costs from any such funds
14 recovered or to be recovered by or on behalf of the Debtors and the CTC Committee even if
15 LG&B has been discharged or withdraws before its proposed representation has been completed.

16 **D. Reporting.**

17 LG&B shall provide the Chief Restructuring Officer for the Debtors and CTC Committee
18 Counsel monthly written status reports including, without limitation, updates on timelines, key
19 issues, preliminary findings, and the status of any actions formally commenced.

20 **V. THE PROPOSED CONTINGENT FEE AGREEMENT IS FAIR, REASONABLE**
21 **AND APPROPRIATE AND SHOULD BE APPROVED.**

22 **A. Contingency Fee Arrangements Are Authorized by Statute.**

23 Professionals can be compensated based upon a contingency fee arrangement, pursuant to
24 11 U.S.C. §328(a). Section 328(a) of the Bankruptcy Code provides:

25 The trustee . . . with the court's approval, may employ or authorize the
26 employment of a professional person under section 327 or 1103 of this
27 title, as the case may be, **on any reasonable terms and conditions of**
28 **employment, including on a retainer,** on an hourly basis, or **on a**

1 **contingent fee basis.** Notwithstanding such terms and conditions, the
2 court may allow compensation different from the compensation provided
3 under such terms and conditions after the conclusion of such
4 employment, if such terms and conditions prove to have been
5 improvident in light of developments not capable of being anticipated at
6 the time of the fixing of such terms and conditions.

7 11 U.S.C. § 328(a); emphasis added. *See also*, Collier on Bankruptcy, 15th Ed. Revised,
8 ¶ 328[1][f] (2004) (“Section 328(a) also permits contingency fee agreements. A contingency fee
9 usually agreed upon prior to representation is awarded to a professional upon a successful
10 outcome of a stated objective, most commonly litigation, and is generally based upon some
11 percentage of the recovery.”); *see also Pitrat v. Reimers (In re Reimers)*, 972 F.3d 1127, 1128 (9th
12 Cir. 1992) (“Under section 328, where the bankruptcy court has previously approved the terms for
13 compensation of a professional, when the professional ultimately applies for payment, the court
14 cannot alter those terms unless it finds the original terms ‘to have been improvident in light of
15 developments not capable of being anticipated at the time of the fixing of such terms and
16 conditions.’”) (*quoting* 11 U.S.C. § 328(a) and *In re Confections By Sandra, Inc.*, 83 B.R. 729
17 (9th Cir. BAP 1987)).

18 The Debtors and the CTC Committee believe that the terms of the proposed contingent fee
19 arrangement, as summarized above, are “reasonable” within the meaning of 11 U.S.C. § 328.
20 Accordingly, the Debtors and the CTC Committee submit that the proposed contingent fee
21 arrangement should be approved.

22 **B. LG&B’s Attorney’s Lien Should Be Approved.**

23 The Debtors and the CTC Committee anticipate that LG&B will be required to devote a
24 substantial amount of time in preparing for, investigating, initiating and prosecuting the Insider
25 Claims in order to recover monies for the benefit of the Debtors’ estates. In performing those
26 services, LG&B is likely to incur significant professional fees. It would be unfair to require
27 LG&B to expend substantial time and resources, incur legal fees and expenses and risk non-
28 payment in its efforts to recover value for the benefit of the estates, particularly where, as in these

1 cases, there remain substantial accrued and unpaid administrative claims of professionals. Thus,
2 LG&B has requested and the Debtors and the CTC Committee have agreed to grant LG&B an
3 attorney's lien on any and all claims or causes of action that are characterized as Insider Claims in
4 this application and on all Litigation Recoveries that may be obtained, whether by arbitration
5 award, judgment, settlement or otherwise with respect to the Insider Claims. The lien will prime
6 and be senior to any and all other existing liens or claims against the Insider Claims and/or any
7 Litigation Recoveries. Based on the circumstances of these cases, the approval of an attorney's
8 lien in favor of LG&B is justified, warranted and appropriate under 11 U.S.C. § 328.¹

9 **VI. NOTICE OF THE APPLICATION IS APPROPRIATE, AND NO FURTHER**
10 **HEARING IN RESPECT OF THE APPLICATION IS REQUIRED, UNLESS**
11 **SUCH HEARING IS ORDERED BY THIS COURT OR SPECIFICALLY**
12 **REQUESTED BY A PARTY-IN-INTEREST.**

13 This application is a joint application by the Debtors and the CTC Committee – both of
14 which believe that employment of LG&B on the terms set forth in this application is in the best
15 interests of the Debtors' estates and their creditors. Notice of the relief requested by this
16 application has been provided to the Debtors' twenty largest creditors, its secured creditors, and
17 all parties who have requested special notice in this case. Thus, creditors have been provided with
18 an opportunity to obtain a hearing on this application, should they object to the relief requested.
19 Consequently, the Debtors and the CTC Committee have complied fully with the "notice and
20

21 ¹ The proposed contingent fee arrangement, which is authorized pursuant to Section 328, ostensibly in and
22 of itself imposes an attorney's lien on the Litigation Recoveries in favor of LG&B. *See, e.g., Isrin v. Superior Court*,
23 63 Cal.2d 153, 158-159 (1965) ("[T]he attorney's lien is 'an equitable right to have the fees and costs due to him for
24 services in a suit secured to him out of the judgment or recovery in the particular action, the attorney to the extent of
25 such services being regarded as an equitable assignee of the judgment. It is based, as in the case of a lien proper, on
26 the natural equity that a party should not be allowed to appropriate the whole of a judgment in his favor without
27 paying for the services of his attorney in obtaining such judgment.) (quoting *Tracy v. Ringole*, 87 Cal. App. 549, 551
28 (1925)) (emphasis added). Furthermore, an attorney's lien does not create a conflict and may be held by a debtor's
counsel. *See, e.g., Film Ventures International, Inc. v. Asher (In re Film Ventures International, Inc.)*, 75 B.R. 250,
252 (9th Cir. BAP 1987) (attorney holding security interest in estate property did not create an interest adverse to the
estate); *In re Advanced Imaging Technologies, Inc.*, 306 B.R. 677, 682-683 (Bankr. W.D. Wash. 2003) (holding that
a law firm's disclosed security interest in a pre-petition retainer, used to secure future fees, did not disqualify the firm
from representing the debtor-in-possession in its chapter 11 case under section 327(a)); *Weinman, Cohen &*
Niebrugge, P.C. v. Peters (In re Printcrafters, Inc.), 233 B.R. 113, 119-120 (D. Colo. 1999) ("professional's status
as a secured creditor by virtue of the retainer does not disqualify the professional from being retained by the estate as
required by section 327").

1 hearing” requirements set forth in Rules 2014-1(b)(1) and 9013-1(g) of the Local Bankruptcy
2 Rules for the Central District of California (the “LBR”).

3 LBR 2014-1(b)(1) provides that, where an application for the employment of a
4 professional is submitted in conformity with the provisions thereof, “[n]o hearing is required
5 unless requested by the United States Trustee, or a party in interest, or as otherwise ordered by the
6 court.” LBR 2014-1(b)(1)(C). Consequently, unless this Court orders otherwise, or unless the
7 United States trustee or another party in interest specifically requests a hearing on this application,
8 this Court may approve this application without a hearing.

9 **VII. LG&B’S DISCLOSURES.**

10 As set forth in the attached Declaration of Michael I. Gottfried (the “Gottfried
11 Declaration”), LG&B is a disinterested person as that term is defined by the Bankruptcy Code, has
12 no interest adverse to the Debtors, their creditors, or any other party in interest, their respective
13 attorneys and accountants, and is not related to either the bankruptcy judges presiding in this
14 district or the United States Trustee in this district or any person employed by the Office of the
15 United States Trustee.

16 LG&B has not represented, is not representing, and has no present intention to represent
17 the Debtors, the U.S. Trustee or the CTC Committee, and does not believe that there is any prior
18 representation by LG&B that would pose any actual conflict of interest in these bankruptcy cases.
19 LG&B is not a general unsecured creditor of the Debtors. LG&B has not agreed to share with any
20 person or entity any compensation it may be awarded in these bankruptcy cases, except among
21 members of LG&B. No other payments have been made or promised to LG&B in connection with
22 this employment.

23 To the best of the applicants’ knowledge, none of LG&B’s connections with the Debtors’
24 creditors, shareholders, the CTC Committee or its members, or any other party in interest, or their
25 respective attorneys and accountants create any adverse interest to the Debtors or to the CTC
26 Committee. Moreover, LG&B is not a creditor of the Debtors and is not an equity or security
27 holder of the Debtors and its attorneys are not related to the United States Trustee or any person
28 employed in the Office of the United States Trustee, except as described in the attached Gottfried

1 Declaration. A more detailed description of LG&B's disclosures pursuant to the Bankruptcy
2 Code, applicable Bankruptcy Rules and Local Bankruptcy Rules are set forth in the attached
3 Gottfried Declaration.

4 Based upon the Gottfried Declaration, the Debtors and the CTC Committee believe that
5 LG&B does not represent interests adverse to the CTC Committee, the Debtors or their estates in
6 the matters in which it is to be retained, and that LG&B is a "disinterested person" under Section
7 101(14) of the Bankruptcy Code.

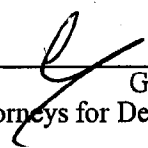
8 As set forth in the attached Gottfried Declaration, LG&B is familiar with the Bankruptcy
9 Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the Guidelines of the Office of the
10 United States Trustee and will comply with them.

11 **VIII. CONCLUSION.**

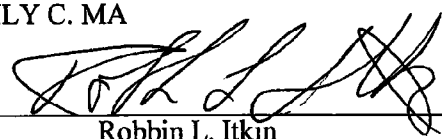
12 Based upon the foregoing, the Debtors and CTC Committee respectfully submit that
13 good cause exists for this Court to approve the terms of LG&B's employment in the above-
14 captioned bankruptcy cases on the terms and conditions set forth herein.

15 Dated: February 17, 2012

16 WINTHROP COUCHOT PC
17 PAUL J. COUCHOT
18 RICHARD H. GOLUBOW
19 GARRICK A. HOLLANDER

20 By:  _____
21 Garrick Hollander
22 Attorneys for Debtors and Debtors-in-Possession

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26 By:  _____
27 Robbin L. Itkin
28 Attorneys for The Official Committee of Unsecured
Creditors of CTC Cable Corporation

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DECLARATION OF MICHAEL I. GOTTFRIED

I, Michael I. Gottfried, declare:

1. I am an attorney at law licensed to practice in the State of California, and admitted to practice before this Court. Except as otherwise stated, I have personal knowledge of each of the facts contained in this declaration, and if called as a witness I could and would competently testify thereto.

2. I am a limited liability partner in LG&B.¹ The Debtors and the CTC Committee have asked LG&B, and LG&B has agreed, to represent the Debtors and the CTC Committee as their special litigation counsel to investigate and prosecute claims the Debtors' estates may have against the Insiders, including, but not limited to, claims based on breach of fiduciary duty, negligence, aiding and abetting breach of fiduciary duty, waste of corporate assets, self-dealing and avoidance and recovery of transfers made to or for the benefit of the Insiders (*i.e.*, the Insider Claims).

3. I am the attorney who will have primary responsibility for the representation of the Debtors and the CTC Committee. I have over 25 years of experience in representing debtors, creditors committees, trustees, individual and corporate creditors, financial institutions, and other corporations and business entities in bankruptcy and bankruptcy related proceedings. I anticipate that Richard S. Berger and Peter J. Gurfein will be in charge of the proposed litigation in this matter and that they will be assisted by Aleksandra Zimonjic, but LG&B reserves the right to utilize the services of any of its professionals based on their skills and experience relative to the tasks assigned to them. Messrs. Berger and Gurfein have over 70 years of combined experience in both bankruptcy and non-bankruptcy cases involving litigation related to avoidable transfers, notes and debentures, breach of contract, fraud and misrepresentation, breach of fiduciary duty and other business and commercial disputes, including litigation on various theories against officers and directors, insiders and former counsel representing insiders and the pre-petition debtors. Additionally, Mr. Gurfein has written and lectured on the subject.

¹ All capitalized terms have the meaning given them in the preceding Memorandum of Points and Authorities.

1 4. LG&B has recently prepared and filed claims substantially similar to the Insider
2 Claims against directors, officers, other insiders and related third parties in *Diamond v. Empire*
3 *Partners, Inc. (In re Empire Land, LLC)*, United States Bankruptcy Court for the Central District
4 of California, Case No. 6:08-14592 MJ; Adv. Proc. No. 6:09-ap-01235-CB; *Diamond v. Empire*
5 *Partners, Inc. (In re Empire Land, LLC)*, United States Bankruptcy Court for the Central District
6 of California, Case No. 6:08-14592 MJ; Adv. Proc. No. 6:10-ap-01319-CB; *Diamond v. Empire*
7 *Partners, Inc. (In re Empire Land, LLC)*, United States Bankruptcy Court for the Central District
8 of California, Case No. 6:08-14592 MJ; Adv. Proc. No. 6:10-ap-01329-CB; *Diamond v.*
9 *O'Melveny & Myers LLP (In re Empire Land, LLC)*, United States Bankruptcy Court for the
10 Central District of California, Case No. 6:08-14592 MJ; Adv. Proc. No. 6:10-ap-01320-CB; and
11 *Diamond v. Heritage Fund I, L.P. (In re APX Holdings, L.L.C.)*, United States District Court for
12 the Central District of California, Case No. CV08-02770 GW. The last-identified case resulted
13 in two separate settlements – one with the insiders and one with the insiders' lawyers – resulting
14 in significant payments to the Debtors' estates. The other identified cases are still pending.

15 5. LG&B and its attorneys have a good reputation in the legal community and are well
16 qualified to represent the Debtors and the CTC Committee as special litigation counsel in the
17 above captioned case. A biographical summary for each of LG&B's attorneys is attached hereto as
18 Exhibit 1, and by such reference is incorporated herein.

19 6. LG&B agrees to accept employment in the above-captioned bankruptcy cases on
20 the terms and conditions set forth in the preceding application and that application accurately
21 summarized the terms on which LG&B has agreed to be employed.

22 7. LG&B has not received any retainer or any other any payments regarding its
23 professional services or expenses related to LG&B's representation of the CTC Committee or the
24 Debtors.

25 8. There is no separate written agreement pertaining to LG&B's employment as
26 special litigation counsel in these bankruptcy cases, although LG&B anticipates that it will receive
27 a conflicts waiver letter from both the Debtors and the CTC Committee.

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1 9. Based on consultation with LGB's other attorneys, I am informed and believe that
2 LG&B and each of its members (a) is a "disinterested person" as that term is defined in the
3 Bankruptcy Code; (b) does not represent or hold any interest adverse to the Debtors, the CTC
4 Committee or the bankruptcy estates with respect to the matters on which the LG&B seeks to be
5 employed; (c) has no interest adverse to the Debtors, its creditors, any other party in interest, their
6 respective attorneys and accountants, or to the Debtors' estates; (d) is not is an equity or debt
7 security holder of any of the Debtors; and (e) is not related to any bankruptcy judge presiding in
8 this district or to the United States Trustee in this district, or any person employed in the Office of
9 the United States Trustee.

10 10. Richard Berger, Laura Thomas and I previously worked at the law firm Kirkland &
11 Ellis LLP with Robbin Itkin, counsel to the CTC Committee, and Richard Wynne, a member of the
12 CTC Committee on behalf of Jones Day. Laura Thomas also previously worked at Jones Day.
13 Additionally, LG&B and its attorneys are or have been involved in numerous bankruptcies where
14 various parties-in-interest may overlap or appear in limited matters, such as regarding claims
15 objections. LG&B may have responded to, supported or objected to certain relief requested by
16 parties-in-interest and/or objected to claims of parties-in-interest in those matters. In each such
17 instance, the adverse representations involved do not give rise to conflicts of interest and thus have
18 not been listed in connection with this application. Further, various attorneys at LG&B may have
19 had business associations with certain creditors or interested parties in these bankruptcy cases that
20 have no connection with its representation of the Debtors and the CTC Committee.
21 LG&B does not believe that these connections conflict with its proposed representation of the
22 Debtors and the CTC Committee or affect its qualification as a "disinterested person" under the
23 Bankruptcy Code.

24 11. Upon discovery of any fact that may create an actual or potential conflict or that
25 bears upon LG&B's continued disinterestedness, LG&B will give notice to all interested parties
26 entitled to notice in these bankruptcy cases so they may object to LG&B's continued
27 representation of the Debtors and the CTC Committee. The notice will outline the facts giving
28 rise to LG&B's potential conflict of interest.

1 12. LG&B has no prepetition claims against the Debtors.

2 13. LG&B is familiar with the Bankruptcy Code, the Bankruptcy Rules, the Local
3 Bankruptcy Rules and the Guidelines of the Office of the United States Trustee and will comply
4 with them.

5 I declare under penalty of perjury that the foregoing is true and correct.

6 Executed on February 17, 2012 at Los Angeles, California.

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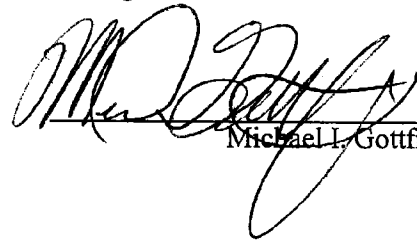
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Michael I. Gottfried

EXHIBIT “1”

MICHAEL I. GOTTFRIED

Michael I. Gottfried is a partner with over 20 years of diversified experience in bankruptcy cases, workouts, and out-of-court restructuring matters during which he has represented debtors, creditors, creditors' committees and asset purchasers in such cases as: *In re Adelpia Communications Corporation* (Southern District of New York) in which Mr. Gottfried represented an Ad Hoc Committee of Non-Agent Secured Lenders holding in excess of \$2 billion of debt; *In re The Boyds Collection Ltd* (District of Maryland) in which Mr. Gottfried represented the Debtor and its subsidiaries with in excess of \$100 million of debt; *In re Chevys, Inc.* (Northern District of California) in which Mr. Gottfried was lead chapter 11 bankruptcy counsel for the Debtor and achieved a successful sale of the company for approximately \$100 million through a confirmed chapter 11 plan of reorganization; *Union Acceptance Corporation* (District of Indiana) in which Mr. Gottfried achieved successful confirmation of a chapter 11 plan of reorganization for one of the largest independent indirect automobile finance companies in the United States with approximately \$1.8 billion of assets. Mr. Gottfried's current representations at Landau Gottfried & Berger LLP include counsel for: the Chapter 7 Trustee (and prior counsel to the Official Committee of Unsecured Creditors) in the *Empire Land LLC* bankruptcy case; the debtor 944 Media, LLC in its Chapter 11 bankruptcy case; LV Holdings, LLC, as successor in interest to Amalgamated Bank of New York, in the *Pacific Mesa Studios LLC* Chapter 11 bankruptcy case; SCI-Arc in the *Meruelo Maddux* Chapter 11 bankruptcy case; and general bankruptcy counsel for Enterprise Rent-A-Car of Los Angeles and Public Communications Services, Inc. on various matters.

Mr. Gottfried began his legal career in 1987 as a bankruptcy lawyer in New York at the firm of Kramer, Levin, Nessen, Kamin & Frankel. Since leaving New York, Mr. Gottfried has been a partner at the Los Angeles offices of McDermott, Will & Emery, and Kirkland & Ellis LLP. Mr. Gottfried currently is a partner at Landau Gottfried & Berger LLP, where he has continued to practice in the areas of bankruptcy and restructuring law. Mr. Gottfried is admitted to practice law in both New York and California.

Mr. Gottfried has lectured and written articles on a number of bankruptcy law issues, including participating in a seminar at a State Bar conference on bankruptcy issues for real estate practitioners. Mr. Gottfried served on the Insolvency Law Committee for the State Bar of California, the board of the California Bankruptcy Forum, and the Beverly Hills Bar Association.

Mr. Gottfried has also actively engaged in diversity efforts and was the Chairman of the Los Angeles Diversity Committee for Kirkland & Ellis. Currently, Mr. Gottfried is on the Legal Counsel for the Williams Institute, a think tank affiliated with UCLA School of Law.

Mr. Gottfried has been listed in the Southern California Super Lawyers as one of the top lawyers in the State of California from 2007 through 2010.

EDUCATION

State University of New York at Stony Brook, B.A. (English Literature), 1976
Columbia University, M.L.S., 1977
Brooklyn Law School, J.D., 1987

RICHARD BERGER

Richard S. Berger has represented individuals and a wide variety of business entities in insolvency and commercial related matters for nearly 40 years. His practice focuses on business reorganizations (both in and out of court), bankruptcy litigation, and general civil matters (in both state and federal courts). Mr. Berger also has an active state and federal court appellate practice and serves as a private and court-appointed mediator and arbitrator.

In bankruptcy proceedings, Mr. Berger has represented debtors, creditors, official committees, trustees, landlords, asset acquirers, debt acquirers, and equity holders in large Chapter 7 and Chapter 11 bankruptcy cases, including *In re Solutia Inc.* (Southern District of New York), *In re NRG Energy, Inc.* (Southern District of New York); *In re Fleming Companies, Inc.* (District of Delaware); *In re Apex Oil Co.* (Eastern District of Missouri), *In re Ritter Ranch Development Co., LLC* (Central District of California); *In re Chevys, Inc.* (Northern District of California) and *In re Delorean Motor Co.* (Eastern District of Michigan).

Mr. Berger has broad trial experience in both state and federal court, and has litigated a variety of issues including business fraud and RICO claims, legal malpractice claims, lease, contract and Uniform Commercial Code claims, trademark infringement claims, fraudulent conveyance and preference claims, and probate and trust claims. Mr. Berger has briefed and argued over 150 writ proceedings and appeals in the California Court of Appeal, the California Supreme Court, the United State District Courts for the Central, Southern and Northern Districts of California, the District of Hawaii, the Eastern District of Michigan, the Eastern District of Missouri, and the Southern District of New York, the Bankruptcy Appellate Panel of the Ninth Circuit, the United States Courts of Appeal for the Sixth and Ninth Circuits and the United States Supreme Court.

Mr. Berger has lectured and written articles on a number of bankruptcy and commercial law issues. Mr. Berger is a member of several bar organizations and recently concluded a three year term as co-chair of the ABA Section of Litigation's Bankruptcy Litigation Committee.

Prior to founding the firm with Mr. Landau, Mr. Berger was a partner and chair of the litigation department in the firm of Gendel, Raskoff, Shapiro & Quittner (now dissolved), a shareholder of Tuttle & Taylor, A Law Corporation (now dissolved), and of counsel to Irell & Manella LLP and Kirkland & Ellis LLP.

EDUCATION

Stanford University, B.S (Chemistry), 1963

Hastings College of the Law, J.D., 1967

PETER J. GURFEIN

Peter J. Gurfein is a partner whose practice focuses on bankruptcy, corporate restructuring, and insolvency cases, with an emphasis on creditors committee, debtor, and equity holder representation. Mr. Gurfein's practice also concentrates on bankruptcy aspects of structured finance and asset securitization transactions. Mr. Gurfein represents institutional investors, sellers and acquirers of distressed assets, and clients in major Chapter 11 cases in the airline, health care, retail, telecommunication, entertainment, high tech, and real estate industries. He has appeared in cases involving bank insolvencies and insurance company insolvencies, receiverships, and liquidations. A former prosecutor, Mr. Gurfein has extensive experience in prosecution and defense of bankruptcy fraud investigations.

Mr. Gurfein is the Program Chair of the Los Angeles Bankruptcy Forum and a member of its executive committee. He was a director of the California Bankruptcy Forum and editor-in-chief of the California Bankruptcy Journal (1995-99). He has lectured extensively on corporate governance issues pertaining to the obligations of directors in the zone of insolvency, the sale of assets under distress, prepackaged plans of reorganization, and bankruptcy in the hospitality industry. His recent speaking engagements include:

June 2011 (Beverly Hills Bar Association)
Bankruptcy and Distressed Real Estate Issues in the Hospitality Industry

March 2011 (American Bankruptcy Institute)
Pre-packaged Chapter 11 Plans

September 9, 2009
Entertainment Finance – Second Lien Financing

May 16, 2009 (California Bankruptcy Forum)
“Insider Claims: Claims Against Officers and Directors”

March 13, 2009 (American Bankruptcy Institute-bankruptcy Battleground West)
“Escape from Bankruptcy’s Hotel California? Trying to Sell Trapped Assets Before They Die”

February 26, 2009
“Restructuring and Bankruptcy Considerations in the Entertainment Industry”

Mr. Gurfein was recognized as one of the top restructuring and insolvency lawyers in California by Practical Law Company in its Restructuring and Insolvency Cross-Border Handbook (2008/2009). In April 2006, he was acknowledged by The Deal’s Bankruptcy Insider as one of the “top shareholder lawyers” (based on number of active cases) for companies in reorganization. He is a member of the California, New York and District of Columbia bars and a member of the American Bar Association’s Business Law Section and its Business Bankruptcy Committee.

Prior to joining Landau Gottfried & Berger LLP, Mr. Gurfein was a partner at Sonnenschein Nath & Rosenthal (1992-99); and a partner at Akin Gump Strauss Hauer & Feld LLP (2000-2011), where he headed the Firm’s West Coast Bankruptcy practice.

EDUCATION

New York University, B.A.
George Washington University, J.D.

ALEKSANDRA ZIMONJIC

Aleksandra Zimonjic has substantial experience in complex bankruptcy litigation, with an emphasis on domestic and foreign fraud and related litigation on behalf of bankruptcy trustees. In both *In re Slatkin*, one of the largest reported Ponzi scheme cases in the United States, and *In re M. Leichner et al.*, another large fraudulent investment enterprise, Ms. Zimonjic prosecuted fraudulent transfer litigation on behalf of the bankruptcy trustees. The two cases included more than 450 adversary proceedings in which Ms. Zimonjic assisted in recovering millions of dollars for the benefit of the debtors' victims, including recovery of concealed assets in the United States and various off-shore jurisdictions, including Brazil, the Channel Islands, England, Sweden and Canada. Ms. Zimonjic represented Enterprise Rent-a-Car in bankruptcy and state court, and she currently acts as general bankruptcy counsel to Richard K. Diamond, the Chapter 7 Trustee in the Empire Land bankruptcy case, and special litigation counsel to Bradley D. Sharp, Chapter 11 Bankruptcy Trustee in the Estate Financial Mortgage Fund bankruptcy case.

Ms. Zimonjic is admitted to practice law in California and is an active member of the Financial Lawyers Conference, the Los Angeles Bankruptcy Forum, the International Women's Insolvency and Restructuring Confederation, and the Women Lawyers Association of Los Angeles.

Ms. Zimonjic received a B.Sc. in Architectural Engineering and Urban Planning from University of Sarajevo, Bosnia and Herzegovina. In 2000, she received a J.D. (*Cum Laude*, Order of the Coif) from Loyola Law School, where she was a recipient of Sayre Mac Neil Scholarship in recognition of high academic achievement and Dean's Academic Honors Scholarship.

EDUCATION

University of Sarajevo, Bosnia and Herzegovina
Loyola Law School, J.D., *cum laude*, Order of the Coif

PROOF OF SERVICE OF DOCUMENT

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I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 660 Newport Center Drive, 4th Fl., Newport Beach, CA 92660.

A true and correct copy of the foregoing document described as: **JOINT APPLICATION OF DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF CTC CABLE CORPORATION FOR AUTHORITY TO EMPLOY LANDAU GOTTFRIED & BERGER LLP AS SPECIAL LITIGATION COUNSEL; DECLARATION OF MICHAEL I. GOTTFRIED** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”)** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) (“LBR”), the foregoing document will be served by the court via NEF and hyperlink to the document. On February 17, 2012, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

II. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL**(indicate method for each person or entity served):
On _____, 2012, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

III. **SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on February 17, 2012, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Via Attorney Service

Honorable Scott C. Clarkson
Ronald Reagan Federal Bldg.
411 W. Fourth St., Suite 5130
Santa Ana, CA 92701

Michael Gottfried: mgottfried@lgbfirm.com

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

February 17, 2012	Viann Corbin	<i>Is/ Viann Corbin</i>
<i>Date</i>	<i>Type Name</i>	<i>Signature</i>

NEF SERVICE LIST

- 1 • Brett A Axelrod baxelrod@foxrothschild.com
- 2 • Vincent M Coscino vcoscino@allenmatkins.com, emurdoch@allenmatkins.com
- 3 • Paul J Couchot pcouchot@winthropcouchot.com,
4 pj@winthropcouchot.com;gcrumpacker@winthropcouchot.com
- 5 • Eric H Geffner egeffner@lsl-la.com
- 6 • Richard H Golubow rgolubow@winthropcouchot.com,
7 pj@winthropcouchot.com;vcorbin@winthropcouchot.com
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- 10 • Garrick A Hollander ghollander@winthropcouchot.com,
11 gcrumpacker@winthropcouchot.com;pj@winthropcouchot.com
- 12 • Robbin L Itkin ritkin@steptoe.com
- 13 • James O Johnston jjohnston@dl.com
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- 15 • Fred Neufeld fneufeld@milbank.com
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- 21 • Leo D Plotkin lplotkin@lsl-la.com, dsmall@lsl-la.com
- 22 • Kurt Ramlo kurt.ramlo@dlapiper.com, evelyn.rodriguez@dlapiper.com
- 23 • Steven E Rich srich@mayerbrown.com
- 24 • United States Trustee (SA) ustregion16.sa.ecf@usdoj.gov