

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re	X	
	:	Chapter 11
	:	
KABBAGE, INC. d/b/a KSERVICING, <i>et al.</i> ,	:	Case No. 22-10951 (CTG)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
	:	Obj. Deadline: Feb. 21, 2023 at 4:00 p.m. (ET)

**THIRD MONTHLY APPLICATION OF RICHARDS, LAYTON & FINGER, P.A. FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES AS CO-COUNSEL TO THE DEBTORS
FOR THE PERIOD FROM DECEMBER 1, 2022 THROUGH DECEMBER 31, 2022**

Name of Applicant:	Richards, Layton & Finger, P.A.
Authorized to Provide Professional Services to:	<u>the above-captioned debtors and</u> <u>debtors in possession</u>
Date of Retention:	<u>October 28, 2022, <i>nunc pro tunc</i></u> <u>to October 3, 2022</u>
Period for which compensation and reimbursement are sought:	<u>December 1, 2022 to December 31, 2022</u>
Amount of Compensation sought as actual, reasonable, and necessary:	<u>\$162,089.20 (80% of \$202,611.50)</u>
Amount of Expense Reimbursement sought as actual, reasonable, and necessary:	<u>\$1,594.74</u>
This is a(n): <u>X</u> monthly <u> </u> interim <u> </u> final application	

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable are: Kabbage, Inc. d/b/a KServicing (3937); Kabbage Canada Holdings, LLC (N/A); Kabbage Asset Securitization LLC (N/A); Kabbage Asset Funding 2017-A LLC (4803); Kabbage Asset Funding 2019-A LLC (8973); and Kabbage Diameter, LLC (N/A). Kabbage is a trademark of American Express used under license; Kabbage, Inc. d/b/a KServicing is not affiliated with American Express. The Debtors' mailing and service address is 925B Peachtree Street NE, Suite 383, Atlanta, GA 30309.

Prior Applications Filed:

Date	Period	Docket No.	Fees	Expenses
12/2/22	10/3/22 – 10/31/22	327	\$344,163.50	\$2,605.35
1/4/23	11/1/22 – 11/30/22	407	\$288,304.50	\$9,556.64

COMPENSATION BY PROFESSIONAL
DECEMBER 1, 2022 THROUGH DECEMBER 31, 2022

Name of Professional Individual	Position, year assumed position, prior relevant experience, year of obtaining relevant license to practice	Hourly Billing Rate (including changes)	Total Hours Billed	Total Compensation
Daniel J. DeFranceschi	Joined firm as associate in 1990. Director in 2000. Member of DE Bar since 1989.	\$1,100	6.2	\$6,820.00
Amanda R. Steele	Joined firm as associate in 2010. Director in 2018. Member of DE Bar since 2010.	\$875	47.9	\$41,912.50
Zachary I. Shapiro	Joined firm as associate in 2007. Director in 2019. Member of DE Bar since 2008.	\$850	99.5	\$84,575.00
Matthew P. Milana	Joined firm as associate in 2022. Member of DE Bar since 2019.	\$600	44.8	\$26,880.00
Huiqi Vicky Liu	Joined firm as associate in 2020. Member of DE Bar since 2022.	\$475	63.2	\$30,020.00
Zachary J. Javorsky	Joined firm as associate in 2022. Member of DE Bar since 2022.	\$425	2.8	\$1,190.00
Barbara J. Witters	Paralegal since 2000. Joined firm in 2000.	\$315	4.1	\$1,291.50
M. Lynzy McGee	Paralegal since 2007. Joined firm in 2016.	\$315	24.8	\$7,812.00
Rebecca V. Speaker	Paralegal since 2002. Joined firm in 2001.	\$315	3.7	\$1,165.50
Sherry L. Pitman	Paralegal since 2021. Joined firm in 2016.	\$315	3.0	\$945.00
TOTAL			300.0	\$202,611.50

Grand Total	\$202,611.50
Attorney Compensation	\$191,397.50
Total Attorney Hours	264.4
Blended Rate	\$723.89

COMPENSATION BY PROJECT CATEGORY
DECEMBER 1, 2022 THROUGH DECEMBER 31, 2022

Project Category	Total Hours	Total Fees
Case Administration (A)	6.0	\$3,001.00
Creditor Inquiries (B)	12.0	\$5,787.50
Meetings (C)	31.4	\$25,245.00
Executory Contracts/Unexpired Leases (D)	1.8	\$1,205.00
Automatic Stay/Adequate Protection (E)	0.0	\$0.00
Plan of Re-Organization/Disclosure Statement (F)	104.2	\$73,039.00
Use, Sale, Lease of Assets (G)	1.1	\$797.50
Cash Collateral/DIP Financing (H)	2.4	\$2,040.00
Claims Administration (I)	33.4	\$21,340.00
Court Hearings (J)	16.1	\$8,785.50
General Corporate/Real Estate (K)	0.0	\$0.00
Schedules/SOFA/U.S. Trustee Reports (L)	2.4	\$1,267.00
Employee Issues (M)	0.2	\$63.00
Environmental (N)	0.0	\$0.00
Tax Issues (O)	0.0	\$0.00
Litigation/Adversary Proceedings (P)	47.4	\$36,389.00
RL&F Retention (Q-1)	0.0	\$0.00
Retention of Others (Q-2)	10.5	\$6,129.50
RL&F Fee Applications (R-1)	16.4	\$9,403.00
Fee Applications of Others (R-2)	14.7	\$8,119.50
Vendor/Supplies (S)	0.0	\$0.00
Non-Working Travel (T)	0.0	\$0.00
Utilities (U)	0.0	\$0.00
Insurance (V)	0.0	\$0.00
TOTAL	300.0	\$202,611.50

EXPENSE SUMMARY
DECEMBER 1, 2022 THROUGH DECEMBER 31, 2022

Expense Category	Service Provider (if applicable)	Total Expenses
Facsimile		\$0.00
Conference Calling		\$0.00
Long Distance Telephone		\$3.87
In-House Reproduction (Duplication/Printing)	Duplicating: 0 @ \$0.10 pg. Printing: 74 @ \$0.10 pg.	\$7.40
Outside Reproduction		\$0.00
Legal Research	Westlaw	\$1,244.87
Filing/Court Fees		\$0.00
Court Reporting	Reliable Wilmington	\$159.50
Travel Expenses		\$0.00
Inside Courier & Expense Carriers		\$0.00
Outside Courier & Expense Carriers	Parcels, Inc.	\$150.00
Postage		\$0.00
Binding		\$0.00
Business Meals		\$0.00
Document Retrieval	PACER	\$29.10
Record Retrieval		\$0.00
Professional Services		\$0.00
Overtime		\$0.00
Room Rental		\$0.00
Equipment Rental		\$0.00
Stationery Supplies		\$0.00
TOTAL		\$1,594.74

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**THIRD MONTHLY APPLICATION OF RICHARDS, LAYTON & FINGER, P.A. FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES AS CO-COUNSEL TO THE DEBTORS
FOR THE PERIOD FROM DECEMBER 1, 2022 THROUGH DECEMBER 31, 2022**

Pursuant to sections 330 and 331 of title 11 of the United States Code, §§ 101-1532 (the “**Bankruptcy Code**”), rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), and the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, dated October 21, 2022 [Docket No. 136] (the “**Interim Compensation Order**”), Richards, Layton & Finger, P.A. (“**RL&F**”) hereby files this *Third Monthly Application of Richards, Layton & Finger, P.A. for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses as Co-Counsel to the Debtors for the Period from December 1, 2022 through December 31, 2022* (the “**Application**”). By the Application, RL&F seeks a monthly allowance pursuant to the Interim Compensation Order with respect to the sums of \$202,611.50

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable are: Kabbage, Inc. d/b/a KServicing (3937); Kabbage Canada Holdings, LLC (N/A); Kabbage Asset Securitization LLC (N/A); Kabbage Asset Funding 2017-A LLC (4803); Kabbage Asset Funding 2019-A LLC (8973); and Kabbage Diameter, LLC (N/A). Kabbage is a trademark of American Express used under license; Kabbage, Inc. d/b/a KServicing is not affiliated with American Express. The Debtors’ mailing and service address is 925B Peachtree Street NE, Suite 383, Atlanta, GA 30309.

as compensation and \$1,594.74 for reimbursement of actual and necessary expenses, for a total of \$204,206.24 for the period December 1, 2022 through and including December 31, 2022 (the “**Compensation Period**”). In support of this Application, RL&F respectfully represents as follows:

Background

1. On October 3, 2022 (the “**Petition Date**”), the Debtors each commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”). The Debtors are authorized to continue to operate their business as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these Chapter 11 Cases.

2. RL&F was retained effective as of the Petition Date by this Court’s order, entered on October 28, 2022 [Docket No. 175] (the “**Retention Order**”). The Retention Order authorized RL&F to be compensated on an hourly basis and to be reimbursed for actual and necessary out-of-pocket expenses.

Compensation Paid and Its Source

3. All services for which compensation is requested by RL&F were performed for or on behalf of the Debtors.

4. Except to the extent of the retainer paid to RL&F as described in the application seeking approval of RL&F’s employment by the Debtors during the period covered by this Application, RL&F has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between RL&F and any other person other than the directors of RL&F for the sharing of compensation to be received for

services rendered in these cases.

Fee Statements

5. The fee statement for the Compensation Period is attached hereto as **Exhibit A**. This statement contains daily time logs describing the time spent by each attorney and paraprofessional for this period. To the best of RL&F's knowledge, this Application complies with sections 330 and 331 of the Bankruptcy Code, the applicable Bankruptcy Rules, the Guidelines adopted by the Office of the United States Trustee, Local Rule 2016-2, and the Interim Compensation Order.

Actual and Necessary Expenses

6. A summary of actual and necessary expenses and daily logs of expenses incurred by RL&F during the Compensation Period is attached hereto as **Exhibit B**. RL&F charges all of its bankruptcy clients \$0.10 per page for photocopying expenses and \$0.10 per page for printing jobs.

7. Regarding providers of on-line legal research (e.g., LEXIS and WESTLAW), RL&F charges all of its clients the standard usage rates these providers charge, which, due to contractual flat fees, may not always equal RL&F's actual cost. RL&F currently is under contract to pay these providers a flat fee every month. Charging its clients the on-line providers' standard usage rates allows RL&F to cover adequately the monthly flat fees it must pay to these types of providers.

8. RL&F believes the foregoing rates are the market rates that the majority of law firms charges clients for such services. In addition, RL&F believes that such charges are in accordance with the American Bar Association's ("**ABA**") guidelines, as set forth in the ABA's

Statement of Principles, dated January 12, 1995, regarding billing for disbursements and other charges.

Summary of Services Rendered

9. The directors, counsel, and associates of RL&F who have rendered professional services in these cases are as follows: Daniel J. DeFranceschi, Amanda R. Steele, Zachary I. Shapiro, Matthew P. Milana, Huiqi Vicky Liu and Zachary J. Javorsky. The paraprofessionals of RL&F who have provided service to these attorneys in these cases are as follows: Barbara J. Witters, M. Lynzy McGee, Rebecca V. Speaker and Sherry L. Pitman.

10. RL&F, by and through the above-named persons, has prepared and/or assisted in the preparation of various applications and orders submitted to the Court for consideration, advised the Debtors on a regular basis with respect to various matters in connection with these cases, and has performed all necessary professional services which are described and narrated in detail hereinafter.

Summary of Services By Project

11. The services rendered by RL&F during the Compensation Period can be grouped into the categories set forth below. These categories are generally described below, with a more detailed identification of the actual services provided set forth on the attached **Exhibit A**. The attorneys and paraprofessionals who rendered services relating to each category are identified, along with the number of hours for each individual and the total compensation sought for each category, in **Exhibit A** attached hereto.

A. Case Administration/Miscellaneous Matters

Fees: \$3,001.00 Total Hours: 6.0

This category includes all matters related to filing documents with the Court, service thereof, maintenance of calendars, communications with the U.S. Trustee, review of work in process reports, review of notices of appearance and maintaining service lists.

B. Creditor Inquiries

Fees: \$5,787.50 Total Hours: 12.0

This category includes all matters related to responding to creditor inquiries.

C. Meetings

Fees: \$25,245.00 Total Hours: 31.4

This category includes all matters related to preparing for and attending meetings with the Debtors, individual creditors, the U.S. Trustee and the Debtors' other professionals.

D. Executory Contracts/Unexpired Leases

Fees: \$1,205.00 Total Hours: 1.8

This category includes all matters related to contract and lease analysis and matters related to assumption, assignment or rejection of executory contracts and unexpired leases.

E. Automatic Stay/Adequate Protection

Fees: \$0.00 Total Hours: 0.0

This category includes all matters related to and including all motions to modify the automatic stay, issues related to the effect of the automatic stay or pending matters, and all other types of actions where adequate protection is the central issue.

F. Plan of Reorganization/Disclosure Statement

Fees: \$73,039.00 Total Hours: 104.2

This category includes all matters related to review, formulation, negotiation, preparation and promulgation of plans of reorganization, disclosure statements, and related corporate documentation and research relating thereto.

G. Use, Sale, Lease of Assets

Fees: \$797.50 Total Hours: 1.1

This category includes all matters relating to acquisitions, dispositions and other postpetition uses of property of the estate.

H. Cash Collateral/DIP Financing

Fees: \$2,040.00 Total Hours: 2.4

This category includes all matters relating to negotiation and documentation of debtor-in-possession financing and related issues.

I. Claims Administration

Fees: \$21,340.00 Total Hours: 33.4

This category includes all matters related to and including claims administration matters and bar date matters, including claims objections and related contested matters.

J. Court Hearings

Fees: \$8,785.50 Total Hours: 16.1

This category includes all matters related to preparation for and attendance at court hearings.

K. General Corporate/Real Estate

Fees: \$0.00

Total Hours: 0.0

This category includes all matters relating to transactional, corporate governance and related matters involving the Debtors' business operations that are not part of a plan of reorganization or disclosure statement.

L. Schedules/SOFA/U.S. Trustee Reports

Fees: \$1,267.00

Total Hours: 2.4

This category includes preparation of schedules and amendments, statements of financial affairs and amendments, operating reports and other reports required by the U.S. Trustee or the Court.

M. Employee Issues

Fees: \$63.00

Total Hours: 0.2

This category includes all matters related to employee wages, benefits, collective bargaining issues, other employee relations matters, ERISA, and retirement benefits.

N. Environmental

Fees: \$0.00

Total Hours: 0.0

This category includes all environmental matters, other than environmental aspects of the plan of reorganization.

O. Tax Issues

Fees: \$0.00

Total Hours: 0.0

This category includes all federal and state income, property, employment, excise and other tax matters, other than the tax aspects of the plan of reorganization.

P. Litigation/Adversary Proceedings

Fees: \$36,389.00 Total Hours: 47.4

This category includes all matters related to litigation and adversary proceedings.

Q-1. RL&F Applications

Fees: \$0.00 Total Hours: 0.0

This category includes all matters related to preparing applications to retain RL&F and supplements thereto.

Q-2. Retention of Others

Fees: \$6,129.50 Total Hours: 10.5

This category includes time spent reviewing applications for retention of other professionals, objecting to the retention of other professionals and assisting other professionals with preparing and filing retention applications.

R-1. RL&F Fee Applications

Fees: \$9,403.00 Total Hours: 16.4

This category includes all time spent preparing, reviewing, filing and circulating monthly invoices and fee applications for RL&F.

R-2. Fee Applications of Others

Fees: \$8,119.50 Total Hours: 14.7

This category includes time spent reviewing invoices or applications of other professionals, objecting to fees of other professionals and assisting other professionals with filing and circulating monthly invoices and applications.

S. Vendor/Suppliers

Fees: \$0.00

Total Hours: 0.0

This category includes all matters related to vendors and suppliers, including reclamation issues.

T. Non-Working Travel

Fees: \$0.00

Total Hours: 0.0

This category includes all travel time not otherwise chargeable.

U. Utilities

Fees: \$0.00

Total Hours: 0.0

This category includes all matters related to utility issues.

V. Insurance

Fees: \$0.00

Total Hours: 0.0

This category includes all matters related to insurance policies or coverage.

Valuation of Services

12. Attorneys and paraprofessionals of RL&F have expended a total of 300 hours in connection with this matter during the Compensation Period, as follows:

<u>ATTORNEYS</u>	<u>HOURS</u>	<u>HOURLY RATE</u>
Daniel J. DeFranceschi	6.2	\$1,100
Amanda R. Steele	47.9	\$875
Zachary I. Shapiro	99.5	\$850
Matthew P. Milana	44.8	\$600
Huiqi Vicky Liu	63.2	\$475
Zachary J. Javorsky	2.8	\$425

<u>PARAPROFESSIONALS</u>	<u>HOURS</u>	<u>HOURLY RATE</u>
Barbara J. Witters	4.1	\$315
M. Lynzy McGee	24.8	\$315
Rebecca V. Speaker	3.7	\$315
Sherry L. Pitman	3.0	\$315

The nature of the work performed by these persons is fully set forth in Exhibit A attached hereto.

These are RL&F's normal hourly rates for work of this character. The reasonable value of the services rendered by RL&F to the Debtors during the Compensation Period is \$202,611.50.

13. In accordance with the factors enumerated in Section 330 of the Bankruptcy Code, it is respectfully submitted that the amount requested by RL&F is fair and reasonable given (a) the complexity of these cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under this title. Moreover, RL&F has reviewed the requirements of Local Rule 2016-2 and believes that this Application complies with that Rule.

WHEREFORE, RL&F respectfully requests that the Court authorize that for the Compensation Period, an allowance be made to RL&F pursuant to the terms of the Interim Compensation Order, with respect to the sum of \$202,611.50 as compensation for necessary professional services rendered (80% of which equals \$162,089.20), and the sum of \$1,594.74 as 100% reimbursement of actual necessary costs and expenses, for a total of \$204,206.24 and that such sums be authorized for payment and for such other and further relief as this Court may deem just and proper.

Dated: February 1, 2023
Wilmington, Delaware

/s/ Amanda R. Steele

RICHARDS, LAYTON & FINGER, P.A.

Daniel J. DeFranceschi, Esq. (No. 2732)

Amanda R. Steele (No. 5530)

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*Attorneys for the Debtors and Debtors in
Possession*

CERTIFICATION OF COMPLIANCE WITH DEL. BANKR. L.R. 2016-2

I, Amanda R. Steele, on this 1st day of February, 2023, certify as follows:

a) I am director with the applicant firm, Richards, Layton & Finger, P.A., (“**RL&F**”) and have been admitted to appear before this Court.

b) I have personally performed many of the legal services rendered by RL&F, as counsel to the Debtors, and am thoroughly familiar with the other work performed on behalf of the Debtors by the lawyers and other professionals of RL&F.

c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Local Rule 2016-2, and submit that the Application substantially complies with such rule.

/s/ Amanda R. Steele
Amanda R. Steele (No. 5530)