

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

	X	
	:	
In re	:	Chapter 11
	:	
KABBAGE, INC. d/b/a KSERVICING <i>et al.</i>,	:	Case No. 22-10951 (CTG)
	:	
Debtors.¹	:	(Jointly Administered)
	:	
	:	Obj. Deadline: March 6, 2023 at 4:00 p.m. (ET)
	:	Hearing Date: March 22, 2023 at 10:00 a.m. (ET)
	X	

**SUMMARY OF FIRST INTERIM APPLICATION OF JONES DAY FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES AS SPECIAL COUNSEL TO THE DEBTORS
FOR THE PERIOD FROM OCTOBER 3, 2022 THROUGH DECEMBER 31, 2022**

Name of Applicant:	Jones Day
Authorized to Provide Professional Services to:	Debtors and Debtors-in-Possession
Date of Retention:	November 2, 2022, effective as of October 3, 2022
Period for which compensation and reimbursement are sought:	October 3, 2022 through December 31, 2022
Amount of Compensation sought as actual, reasonable, and necessary:	\$188,987.50
Amount of Expense Reimbursement sought as actual, reasonable, and necessary:	\$153,582.18
Total Compensation Approved by Interim Order to Date:	N/A
Total Expenses Approved by Interim Order to Date:	N/A
Total Allowed Compensation Paid to Date:	N/A

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.

Total Allowed Expenses Paid to Date: N/A

Blended Hourly Rate in this Application
for All Attorneys: \$880.70

Blended Hourly Rate in this Application
for All Timekeepers: \$846.34

Compensation Already Paid Pursuant to a
Monthly Compensation Order But Not Yet
Allowed: \$136,836.00

Expenses Already Paid Pursuant to a Monthly
Compensation Order But Not Yet Allowed: \$146,488.43

Number of Professionals Included in this
Application: 16

If applicable, number of professionals in this
application not included in staffing plan
approved by client: 1

If applicable, difference between fees budgeted
and compensation sought for this period: (\$36,012.50)

Number of Professionals Billing Fewer
Than 15 Hours: 12

Are any rates higher than those approved or
disclosed at retention? No

This is a(n): ___ monthly X interim ___ final application

Prior Monthly Fee Applications Filed:

Date / Docket	Month Covered	Fees	Expenses²
December 2, 2022 [Dkt. 325]	October 3 – 31, 2022	\$106,952.50	\$80,446.40
January 3, 2023 [Dkt. 400]	November 1 – 30, 2022	\$64,092.5	\$66,042.03
January 30, 2023 [Dkt. 498]	December 1 – 31, 2022	\$17,942.50	\$7,093.75

To date, no objections have been received to any prior monthly fee applications.³

² Includes Expenses paid in the amount of \$147,803.75 for services provided by Forensic Risk Alliance, Inc. (“FRA”), Jones Day’s consultant with respect to the Federal Investigations. Consistent with the requirements of Local Rule 2016-2, copies of FRA’s invoice were attached as Exhibit C to the prior monthly fee applications.

³ The objection deadline relating to the *Third Monthly Fee Application of Jones Day, Special Counsel to the Debtors, for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses for the Period from December 1, 2022 through December 31, 2022* has not yet passed.

SUMMARY OF HOURS AND COMPENSATION BY PROFESSIONAL

Name of Professional Individual	Position/Group*/Bar Year	Hourly Billing Rate (including changes)	Total Hours Billed	Total Compensation
Y W Chan	Partner/B&TL/2007	\$1,200	0.50	\$600.00
J B Ellman	Partner/BR&R/1991	\$1,300	0.20	\$260.00
J M Hall	Partner/IWC/2003	\$1,075	6.40	\$6,880.00
F A Lavallee	Partner/GR/1988	\$1,250	1.80	\$2,250.00
A E Lelling	Partner/IWC/1994	\$1,275	43.60	\$55,590.00
D J Merrett	Partner/BR&R/2007	\$1,100	43.40	\$47,740.00
S P Parrinello	Partner/Tax/2007	\$1,225	0.70	\$857.50
S J Kenny	Associate/GR/2013	\$950	1.10	\$1,045.00
S E Morgado	Associate/B&TL/2020	\$550	3.80	\$2,090.00
A Nazarenko	Associate/Tax/2016	\$825	1.10	\$907.50
S Nosco	Associate/NLG/2022	\$525	6.10	\$3,202.50
I Perez	Associate/BR&R/2016	\$725	1.60	\$1,160.00
B N Wilhelm	Associate/B&TL/2017	\$625	71.50	\$44,687.50
L Fischer	Staff Attorney/BR&R/1995	\$600	25.50	\$15,300.00
C L Smith	Paralegal/BR&R	\$425	10.90	\$4,632.50
D A Doell	Project Manager	\$350	5.10	\$1,785.00
TOTAL			223.30	\$188,987.50

* B&TL – Business & Tort Litigation; BR&R – Business Restructuring & Reorganization; GR – Government Regulation; IWC – Investigations & White Collar Defense; NLG – New Lawyers Group

BLENDED RATE OF PROFESSIONALS – TOTAL

Professionals	Blended Rate	Total Hours	Total Compensation
Partners & Counsel	\$1,181.96	96.60	\$114,177.50
Associates	\$623.15	85.20	\$53,092.50
Staff Attorneys	\$600.00	25.50	\$15,300.00
Paralegals	\$425.00	10.90	\$4,632.50
Project Managers	\$350.00	5.10	\$1,785.00
TOTAL	\$846.34	223.30	\$188,987.50

**BLENDED HOURLY RATE FOR DOMESTIC OFFICES
CONTRIBUTING 10% OR MORE OF BILLED HOURS**

Office/Category of Professional	Blended Rate
Atlanta – Partner/Of Counsel	\$920
Atlanta – Associate	\$538
Atlanta – Staff Attorney	\$376
Atlanta – Paralegal	\$346
Atlanta – Project Manager	\$387
Boston – Partner	\$1,013
Boston – Associate	\$546
Boston – Staff Attorney	N/A
Boston – Paralegal	\$249
Boston – Project Manager	N/A
Cleveland – Partner	\$906
Cleveland – Associate	\$499
Cleveland – Staff Attorney	\$452
Cleveland – Paralegal	\$326
Cleveland – Project Manager	N/A

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Case Administration	4.80	\$3,795.00
Creditor Inquiries	0.00	\$0.00
Executory Contracts/Unexpired Leases	0.00	\$0.00
Automatic Stay/Adequate Protection	0.00	\$0.00
Plan of Reorganization/Disclosure Statement	0.00	\$0.00
Use, Sale or Lease of Assets	0.00	\$0.00
Financing matters	0.00	\$0.00
Claims Administration	0.00	\$0.00
Court Hearings	0.00	\$0.00
General Corporate	0.00	\$0.00
Schedules/SOFA/U.S. Trustee Reporting	0.00	\$0.00
Employee Matters	0.00	\$0.00
Non-Working Travel	0.00	\$0.00
Tax Advice	4.70	\$5,060.00
Department of Justice Investigations	77.40	\$64,492.50
Congressional Investigation	55.40	\$45,832.50
Federal Trade Commission Investigation	2.40	\$2,215.00
Litigation and Adversary Proceedings	0.00	\$0.00
Professional Retention/Fee Issues	53.8	\$46,145.00
Fee Application Preparation	24.8	\$21,447.50
TOTAL	223.30	\$188,987.50

EXPENSE SUMMARY

Expense Category	Total Expenses
Consultant Fees	\$147,803.75
Hosting Charges	\$4,697.03
Travel – Air Fare	\$713.32
Travel – Food and Beverage	\$18.23
Travel – Hotel	\$234.12
Travel – Other Costs	\$40.00
Travel – Taxi	\$75.73
TOTAL	\$153,582.18

BUDGET

Project Category	Estimated Hours	Estimated Fees	Hours Billed	Fees Sought
Case Administration	12.00	\$10,000.00	4.80	\$3,795.00
Creditor Inquiries	0.00	\$0.00	0.00	\$0.00
Executory Contracts/Unexpired Leases	0.00	\$0.00	0.00	\$0.00
Automatic Stay/Adequate Protection	0.00	\$0.00	0.00	\$0.00
Plan of Reorganization/Disclosure Statement	0.00	\$0.00	0.00	\$0.00
Use, Sale or Lease of Assets	0.00	\$0.00	0.00	\$0.00
Financing matters	0.00	\$0.00	0.00	\$0.00
Claims Administration	0.00	\$0.00	0.00	\$0.00
Court Hearings	0.00	\$0.00	0.00	\$0.00
General Corporate	0.00	\$0.00	0.00	\$0.00
Schedules/SOFA/U.S. Trustee Reporting	0.00	\$0.00	0.00	\$0.00
Employee Matters	0.00	\$0.00	0.00	\$0.00
Non-Working Travel	0.00	\$0.00	0.00	\$0.00
Tax Advice	5.00	\$5,000.00	4.70	\$5,060.00
Department of Justice Investigations	70.00	\$60,000.00	77.40	\$64,492.50
Congressional Investigation	70.00	\$60,000.00	55.40	\$45,832.50
Federal Trade Commission Investigation	25.00	\$20,000.00	2.40	\$2,215.00
Litigation and Adversary Proceedings	0.00	\$0.00	0.00	\$0.00
Professional Retention/Fee Issues	60.00	\$50,000.00	53.80	\$46,145.00
Fee Application Preparation	25.00	\$20,000.00	24.80	\$21,447.50
Total	267.00	\$225,000.00	223.30	\$188,987.50

STAFFING PLAN

Category of Timekeeper	NUMBER OF TIMEKEEPERS PROJECTED TO WORK ON MATTER DURING BUDGET PERIOD	AVERAGE HOURLY RATE
Partners and Counsel	7	\$1,203.57
Associates	7	\$682.14
Staff Attorney	2	\$600.00
Paralegals and Other Non-Attorney Legal Staff	3	\$400.00

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DISTRICT OF DELAWARE**

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In re	:	Chapter 11
	:	
KABBAGE, INC. d/b/a KSERVICING <i>et al.</i>,	:	Case No. 22-10951 (CTG)
	:	
Debtors.¹	:	(Jointly Administered)
	:	
	:	Obj. Deadline: March 6, 2023 at 4:00 p.m. (ET)
	:	Hearing Date: Scheduled only if necessary
	X	

**CERTIFICATION OF DANIEL J. MERRETT IN SUPPORT
OF FIRST INTERIM FEE APPLICATION OF JONES DAY**

1. I am a partner with the applicant firm, Jones Day (the “Applicant”).

I make this certification regarding the Applicant’s first interim application for payment of compensation and reimbursement of expenses (the “Interim Fee Application”) for the period October 3, 2022 through December 31, 2022 (the “Interim Fee Period”) to certify to certain matters addressed in the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Dkt. 136] (the “Interim Compensation Order”).²

2. Pursuant to the Interim Compensation Order, the Court authorized the Applicant to file this Interim Fee Application, which has been prepared in accordance with the procedures set forth in both the Interim Compensation Order and the *Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330* by

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.

² Capitalized terms used herein but not otherwise defined have the meanings given to them in the Interim Compensation Order.

Attorneys in Larger Chapter 11 Cases, effective November 1, 2013 (the “U.S. Trustee Guidelines”).

3. I have reviewed the Interim Fee Application, including each Monthly Fee Application relating to the Interim Fee Period covered by the Interim Fee Application, and I hereby certify that such applications comply with the Interim Compensation Order and the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules. Moreover, I have reviewed Local Rules 2016-1 and 2016-2, and submit that this Interim Fee Application complies with such rules.

Disclosures Pursuant to the Revised U.S. Trustee Guidelines

4. The Court authorized the Debtors to retain the Applicant as special counsel in these chapter 11 cases pursuant to an order entered on November 2, 2022 [Dkt. 198] (the “Retention Order”).

5. Prior to the Petition Date, the Debtors provided Jones Day with the following advance payments for professional services and expenses to be provided to the Debtors (together, the “Fee Advance”): (a) a payment of \$100,000.00 on September 29, 2022 and (b) a payment of \$75,000.00 on October 3, 2022. Subsequent thereto, Jones Day applied the Fee Advance to outstanding estimated fees and expenses for the period through the Petition Date (the “Estimated Amount”). After application of the Estimated Amount, the Fee Advance balance was \$108,907.06 on the Petition Date. Based on the reconciliation of prepetition fees and expenses actually incurred for the period prior to the Petition Date, the balance of the Fee Advance is currently \$102,907.06

6. Sixteen professionals are included in this Interim Fee Application. Of those sixteen professionals, twelve professionals billed fewer than fifteen hours during the Interim Fee Period.

7. The Applicant discussed its rates, fees, and staffing plan with the Debtors at the outset of its engagement and throughout these cases.

8. Consistent with its own internal policies and to comply with the “reasonableness” requirements of section 330 of the Bankruptcy Code, Jones Day has reviewed its monthly service descriptions and expense detail and has determined that certain fees should not be charged to the Debtors. In particular, Jones Day has voluntarily determined that \$22,190.00 in fees should not be charged to the Debtors. This Interim Fee Application reflects that adjustment.

Statement of the Applicant

9. Pursuant to section C5 of the U.S. Trustee Guidelines, the Applicant responds to the questions identified therein as follows:

Question 1: Did Jones Day agree to any variations from, or alternatives to, Jones Day’s standard or customary billing rates, fees or terms for services pertaining to this engagement that were provided during the Interim Fee Period? If so, please explain.

Answer: No.

Question 2: If the fees sought in the Interim Fee Application as compared to the fees budgeted for the Interim Fee Period are higher by 10% or more, did Jones Day discuss the reasons for the variation with the client?

Answer: Not applicable.

Question 3: Have any of the professionals included in the Interim Fee Application varied their hourly rate based on geographic location of the bankruptcy case?

Answer: No.

Question 4: Does the Interim Fee Application include time or fees related to reviewing or revising time records or preparing, reviewing or revising invoices?

Answer: Except as previously disclosed in the Monthly Fee Applications, this Application does not include any time or fees related to reviewing, revising or preparing invoices.

Question 5: Does the Interim Fee Application include time or fees for reviewing time records to redact any privileged or other confidential information? If so, please quantify hours and fees.

Answer: No.

Question 6: Does the Interim Fee Application include any rate increases since Jones Day's retention in these cases?

Answer: No.

Dated: February 14, 2023

/s/ Daniel J. Merrett

Daniel J. Merrett