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9 [Proposed] Attorneys for the Official Committee of
10 Unsecured Creditors

11 **UNITED STATES BANKRUPTCY COURT**
12 **NORTHERN DISTRICT OF CALIFORNIA**
13 **OAKLAND DIVISION**

14 In re:
15 **PREDI WAVE CORPORATION,**
16 a California Corporation,
17 Debtor and Debtor-in-Possession
18 Fed. Tax I.D. No. 77-0494328

Case No.: 06-40547 (RJN)

Chapter 11

**APPLICATION OF THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS OF PREDI WAVE
CORPORATION FOR ORDER
APPROVING EMPLOYMENT OF
PACHULSKI STANG ZIEHL YOUNG
JONES & WEINTRAUB LLP AS
COMMITTEE COUNSEL**

[No Hearing Required]

19 The Official Committee of Unsecured Creditors (the “Committee”) of PrediWave
20 Corporation (the “Debtor”), duly appointed in the above-captioned chapter 11 case, hereby submits
21 this application (the “Application”) to employ Pachulski Stang Ziehl Young Jones & Weintraub LLP
22 (“PSZYJ&W”) as its counsel. PSZYJ&W’s business office is located at 150 California Street, 15th
23 Floor, San Francisco, CA 94111.

24 **I.**

25 **JURISDICTION**

26 This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334.
27 Venue of this case and application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
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1 The statutory predicates for the relief sought herein are sections 328 and 1103 of the
2 Bankruptcy Code.

3 **II.**
4 **BACKGROUND**

5 On April 14, 2006, the Debtor filed a voluntary petition for relief under chapter 11 of title 11
6 of the United State Code (the “Bankruptcy Code”). The Debtor continues to operate its business and
7 manage its property as a debtor-in-possession. No trustee or examiner has been appointed in this
8 case.

9 On May 3, 2006, the United States Trustee (the “UST”) appointed the Committee in the
10 Debtor’s bankruptcy case pursuant to section 1102 of the Bankruptcy Code, and added two members
11 to the Committee on May 5, 2006. The Committee presently comprises the following five members:
12 (1) Advanced Discovery Services; (2) Computer Modules, Inc.; (3) Flash Electronics, Inc.; (4) Sutter
13 Hill Investors LLC; and (5) Kabir K. Rahman. To date, no other committees have been appointed in
14 the Debtor’s case.

15 On May 8, 2006, the Committee selected PSZYJ&W as its counsel, subject to the approval of
16 this Court.

17 **III.**
18 **APPLICATION TO RETAIN AND EMPLOY PSZYJ&W**

19 By this Application, pursuant to sections 328 and 1103 of the Bankruptcy Code, the
20 Committee seeks to employ PSZYJ&W as counsel to the Committee, effective as of May 8, 2006, to
21 perform the legal services set forth herein.

22 Section 328(a) of the Bankruptcy Code authorizes a committee appointed under section 1102
23 of the Bankruptcy Code to employ, with the Court’s approval, attorneys under section 1103(a) of the
24 Bankruptcy Code on any reasonable terms and conditions of employment. 11 U.S.C. §§ 328(a),
25 1103(a). Pursuant to section 1103(b) of the Bankruptcy Code, an attorney employed to represent the
26 committee may not, while employed by such committee, represent any other entity having an
27 adverse interest in connection with the case. 11 U.S.C. § 1103(b).

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1 PSZYJ&W has advised the Committee that PSZYJ&W does not represent any other entity
2 having an adverse interest in connection with the Debtor or its bankruptcy case. In addition, the
3 Committee has reviewed the *Declaration of John D. Fiero in Support of Application of the Official*
4 *Committee of Unsecured Creditors of PrediWave Corporation for Order Approving Employment of*
5 *Pachulski Stang Ziehl Young Jones & Weintraub LLP as Committee Counsel* (the “Fiero
6 Declaration”) filed concurrently herewith.

7 The Committee has selected PSZYJ&W because of its extensive expertise and knowledge in
8 the area of insolvency, business reorganizations, and creditors’ rights. PSZYJ&W has served as
9 counsel to unsecured creditors’ committees in numerous chapter 11 cases. In addition, PSZYJ&W
10 has served as general bankruptcy counsel to a wide range of debtors in various industries.
11 PSZYJ&W also has extensive experience in representing trustees, individual creditors, special
12 interest committees, asset purchasers, and investors in both in and out-of-court restructurings. A
13 copy of the qualifications of the attorneys of PSZYJ&W that are primarily expected to handle the
14 representation of the Committee is attached hereto as **Exhibit A**. PSZYJ&W’s depth of experience
15 in the areas of insolvency, business reorganizations, and debtor/creditor matters makes it highly
16 qualified to represent the Committee. Therefore, the Committee believes that PSZYJ&W’s retention
17 is in the best interest of the Debtor’s unsecured creditors.

18 Subject to further order of this Court, PSZYJ&W may be required to render the following
19 services, among others, to the Committee:

- 20 a) to assist, advise, and represent the Committee in its consultations with the
21 Debtor and other creditor constituencies or parties in interest regarding the administration of
22 this case;
- 23 b) to assist, advise, and represent the Committee in analyzing the Debtor’s assets
24 and liabilities, investigating the extent and validity of liens, and participating in and
25 reviewing any proposed asset sales, other asset dispositions, financing arrangements, and
26 cash collateral stipulations or proceedings;

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1 c) to assist, advise, and represent the Committee in any manner relevant to
2 reviewing and determining the Debtor's rights and obligations under unexpired leases and
3 executory contracts;

4 d) to assist, advise, and represent the Committee in connection with any review
5 of management, compensation issues, analysis of retention or severance benefits, or other
6 management related issues;

7 e) to assist, advise, and represent the Committee in investigating the acts,
8 conduct, assets, liabilities, and financial condition of the Debtor, the operation of the
9 Debtor's business and the desirability of the continuance of any portion of the business, and
10 any other matters relevant to this case or to the formulation of a plan;

11 f) to assist, advise, and represent the Committee in its participation in the
12 negotiation, formulation, and drafting of a plan;

13 g) to provide advice to the Committee on the issues concerning the appointment
14 of a trustee or examiner under section 1104 of the Bankruptcy Code;

15 h) to assist, advise, and represent the Committee in the performance of all of its
16 duties and powers under the Bankruptcy Code and the Bankruptcy Rules and in the
17 performance of such other services as are in the interests of those represented by the
18 Committee; and

19 i) to assist, advise, and represent the Committee in the evaluation of claims and
20 any litigation matters.

21 Subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, Bankruptcy Local
22 Rules, and applicable guidelines issued by the UST, the Committee proposes to pay PSZYJ&W its
23 customary hourly rates in effect from time to time and to reimburse PSZYJ&W according to its
24 customary reimbursement policies. The attorneys, and paraprofessional, currently expected to be
25 principally responsible for this matter, and their respective hourly rates, are as follows: John D. Fiero
26 (\$450), Ramon M. Naguiat (\$295), and Patricia J. Jeffries (\$175). PSZYJ&W will exercise
27 continuous billing judgment throughout the engagement and will staff the case the most cost-
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1 efficient manner possible. PSZYJ&W has not received or requested a retainer in this case although
2 it reserves the right to do so upon further application to the Court.

3 PSZYJ&W categorizes its billing into subject matter categories in compliance with
4 applicable guidelines. PSZYJ&W understands that its compensation in this case is subject to the
5 approval of this Court, after notice and a hearing, in accordance with sections 328, 330, and 331 of
6 the Bankruptcy Code, Bankruptcy Rule 2016, this Court's professional fee guidelines, and the
7 guidelines issued by the UST.

8 To the best of the Committee's knowledge and based on the Fiero Declaration, PSZYJ&W
9 has no connection with the Debtor, its creditors, any other party in interest herein, their respective
10 attorneys or professionals, the UST or any person employed in the Office of the UST, except as
11 disclosed in the Fiero Declaration. PSZYJ&W does not hold, or represent any entity having, an
12 adverse interest in connection with the Debtor or its bankruptcy case. PSZYJ&W does not employ
13 any person that is related to a judge of this Court or the UST. Accordingly, PSZYJ&W is qualified
14 to represent the Committee under sections 328 and 1103 of the Bankruptcy Code.

15 WHEREFORE, the Committee respectfully requests that this Court approve the employment
16 of PSZYJ&W as its counsel, effective as of May 8, 2006, to render services as described above, with
17 compensation to be paid as an administrative expense in such amounts as this Court may hereafter
18 determine and allow.

19 Dated: May 18, 2006

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF PREDIWAVE,
INC.

22 BY: FLASH ELECTRONICS, INC., CHAIR

25 By /s/ Jas Mundra

Jas Mundra

26 Its: Authorized Representative