

The Honorable Marc Barreca
Chapter 7
Hearing: October 3; 9:30 AM
Response Date: September 26, 2014

**IN THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE**

In re:

TREND SOUND PROMOTER AMG
CORP.,

Debtor (S),

No.: 14 – 13193

MOTION AND DECLARATION FOR FINAL FEES
(with Notice of Hearing)

NOTICE OF HEARING

PLEASE TAKE NOTICE that an issue of law in this case will be heard on the date below and the clerk is directed to note this issue on the appropriate calendar.

Calendar Date: October 3, 2014; 9:30 AM
Response Date: September 26, 2014
Day of Week: Friday
Nature of Motion: Motion for Final Fees

This motion will be heard before the Honorable Marc Barreca in the United States Bankruptcy Court 700 Stewart Street, Courtroom 7106, Seattle, WA 98101 on the above date. Unless a creditor or other party in interest objects and files a response or objection by the response date above, the court may enter an order without further notice or hearing.

Dated September 3, 2014.

/s/ Annette M. Mouton
Annette M. Mouton WSBA #22246
Attorney for Debtor

1 **MOTION**

2 COMES NOW Annette M. Mouton of Salix Law (formerly Reset Legal Services PLLC),
3 special counsel for the Debtor, Trend Sound Promoter AMG Corp, (“Debtor”), and moves the court
4 for fees and costs pursuant to the provisions of 11 U.S.C. § 330 and LR 2016-1 incurred during the
5 Debtors’ Chapter 11 proceeding, prior to conversion to Chapter 7, in the amount of \$33,500.00, and
6 for an additional \$700.00 for time spent on preparation of this fee request, participation in the hearing
7 on the fee request, and for any discussions related thereto with the trustee, the Court, or the Debtor.
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9 This application for fees is further detailed below in Annette Mouton’s Declaration in support of this
10 motion.
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12 WHEREFORE, Salix Law (formerly Reset Legal Services PLLC) respectfully requests that
13 this Court enter an order authorizing payment of final attorneys’ fees and costs by awarding to Salix
14 Law (formerly Reset Legal Services PLLC) compensation for professional services rendered from
15 April 25, 2014 to May 30, 2014, in the amount of \$33,500.00; for services rendered related to this fee
16 request in the amount of \$700.00; and for authorization to apply funds in trust in the amount of
17 \$15,000.00 as partial payment.
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19 DATED this 3rd day of September, 2014.
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21
22 /s/ Annette M. Mouton
23 Annette M. Mouton WSBA # 22246
24 Attorney for Debtor

25 **DECLARATION OF ANNETTE MOUTON**

26 COMES NOW Annette M. Mouton of Salix Law (formerly Reset Legal Services PLLC),
27 special counsel for the Debtor, Trend Sound Promoter AMG Corp. (“Debtor”), herein, duly sworn
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1 upon oath, deposes and says under penalties of perjury and applies to the court for fees and costs
2 pursuant to the provisions of 11 U.S.C. § 330 and LR 2016-1 in these proceedings, as follows:
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4 1. This the first fee request in this proceeding for Counsel's services rendered during the
5 pendency of the debtor's Chapter 11 case, prior to its conversion to Chapter 7. This bankruptcy
6 proceeding commenced when Larry Feinstein Debtor's counsel filed a voluntary Chapter 11
7 petition on April 25, 2014. The proceeding was converted to one under Chapter 7 on June 2, 2014.
8 This fee request covers the period beginning with the filing on April 25, 2014 to May 30, 2014.
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10 2. On June 17, 2014, an order was entered employing Annette M. Mouton, Salix Law (formerly
11 Reset Legal Services PLLC) as special counsel for the Debtor. Other professionals employed by
12 the Chapter 11 estate include Larry Feinstein as debtor counsel approved May 23, 2014 and
13 Vladimir Raskin CPA as accountant.
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15 3. At the present time, counsel does not know the amount of unencumbered funds in the estate.
16 Counsel is holding \$15,000.00 in trust for prepetition legal services. This is sufficient to cover a
17 portion of the amount of this fee request.
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19 4. Attached hereto and made a part hereof are our billing statement, showing the services
20 rendered for the Debtor between April 25, 2014 and May 30, 2014. The hourly rate for Ms.
21 Mouton is \$350.00.
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23 5. Services performed on behalf of the Debtor as special counsel included advising and assisting
24 Debtor in connection with their a) promoter, customer, partner and advertiser contracts, b) real
25 property lease; c) debtor-in-possession operation issues regarding employees and vendors, d)
26 formulating a plan; e) reviewed company business plan and strategies; f) prepared
27

1 communications for employees and creditors; g) communicated with and attended conferences
2 with the Debtor, bankers, law enforcement representatives, other professionals including
3 Debtor's counsel; h) supported other professionals Debtor retained; attending hearings before the
4 court; reviewed and explained motions and responses to motions from debtors counsel and the US
5 Trustee;. All services are itemized in the attached billing statement.
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8 6. The debtor's Chapter 11 case was challenging for the following reasons: a complicated hybrid
9 business model; a complex operational process; thousands of individuals from 46 countries; a
10 majority of creditors that do not speak or understand English or our judicial system including
11 Debtor's president, and some staff. The language barrier and complexities became significantly
12 more difficult under the strain management experienced from months of personal and business
13 attacks, efforts to obtain law enforcement assistance and bankruptcy proceedings. More time than
14 initially anticipated was spent serving as an intermediary between Debtor's counsel re-explaining
15 and clarifying the basic bankruptcy process to Debtor and interacting with Debtor counsel at
16 management's insistence. Many of our lifelong citizens have difficulty understanding and are
17 afraid when involved with our impressive court system and laws. Debtor's management and staff
18 were terrified because of their own or family members experiences with court proceedings in
19 other countries.
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23 7. Prior to the bankruptcy I provided a variety of corporate counsel services. In addition to
24 general business services I provided counsel during months of anonymous attacks on social media
25 forums, defamatory calls and emails to law enforcement and regulatory authorities, threats to
26 customers and contract parties and major hacking attacks on Debtor's servers. The previous
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1 attacks especially on the servers made it difficult preparing and providing an accurate list of
2 creditors and amounts owed to bankruptcy counsel and ultimately the court. The Debtor's had a
3 complex operations and accounting system with some information only in Russian. Between the
4 servers, debtor files and accounting procedures, information on each creditor (some creditors had
5 multiple accounts), all activities and transactions were recorded. The servers and platform system
6 were designed to produce a variety of reports. Unfortunately, the hacking attacks destroyed and/or
7 corrupted information on the servers which hampered the accountants ability to complete financial
8 reports and required hours and hours of manual confirmation and corrections to those reports in
9 order to provide creditor contact information and amounts owed to debtor's counsel.

12 Time was spent clarifying for Debtor exactly what information they needed to extract and verify
13 for each creditor and the business to comply with the Bankruptcy Code. The multidimensional
14 nature of the distribution platform and payment system required combining and confirming
15 information on over six thousand creditors, multiple promoter accounts, millions of transactions,
16 multiple currencies, four banks and several international payment services. Additional time was
17 spent working with Debtor and Debtor's counsel to address the court filing and notice system
18 inability to process the Cyrillic alphabet and getting important information translated.

21 8. We are requesting an additional 2 hours, equal to \$700.00. This will cover my time spent
22 preparing this fee request by, as well as for an additional hour for my participation in scheduled
23 hearing on October 3, 2014, regarding this fee application, as well as any negotiations or
24 discussions related thereto with Trustee, Court, and/or client in the interim.
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1 9. We have spent the following time marked on the billing on this matter:

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| A. Asset Disposition - lease negotiation, abandonment. | 0.6 hours |
| B. Business Operations - debtor-in-possession operating issues regarding employee, vendors, contracts, bank chargebacks. | 38.9 hours |
| C. Case Administration - assisting clients in understanding and preparing information for schedules, statements, and matrices; conferences with clients; and telephone calls to and from clients, debtor counsel and independent promoter. | 21.3 hours |
| D. Plan Formulation - Advised and assisted clients regarding: current company assessment, goals, and steps to prepare a reorganization plan; review company documents and reports to gather and organize information necessary for the plan. | 14 hours |
| D. Business Analysis - participate in strategy sessions regarding business plan, reorganization plan, restructuring operations, reducing expenses, plan to retain promoters by reestablishing trust. | 13 hours |
| F. Litigation Consulting - advised clients regarding: avoiding actions; responses to claims filed with Washington Attorney General; hiring litigation counsel; reviewing WA and FL actions in light of Chapter 11; meeting with potential and hired attorneys. | 10.1 hours |
| G. Tax Issues - Consulted with client and client's CPA regarding treatment of tax liabilities. | 0.5 hours |
| H. Motion for Final Fees | 2 |
| Total Time Billed: | 97.8 hours |
| Total Amount Billed: | \$34,230 |
| Payments Received: In Trust: \$15,000 | \$15,000 |
| Balance: | \$17,655 |

20 10. For the period from April 23, 2014 to May 30, 2014, Salix Law have total fees and costs in the

21 amount of \$33,500.00, as set forth on the attached billing statement. We are holding \$15,000.00

22 in trust as retainer in these proceedings. Of the funds in trust, \$15,000.00 will be applied to

23 this bill. We also request an additional \$700.00 (2 hours) to account for the time spent in

24 preparation of this fee request and for the hearing and discussions related thereto. After application

25 of the funds on hand, there is a remaining balance of \$17,655.00.

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amouton@salixlaw.com

Trend Sound Promoter AMG Corp
Attn: Volodymyr Pigida
601 NE 8th St. Ste. 1900
Bellevue, WA 98004

Billing Date: 9/3/14
Reference # 13007

RE: Chapter 11 Reorganization

| DATE | PROFESSIONAL SERVICES | BY | TIME | LINE TOTAL |
|-------------|--|-----------|-------------|-------------------|
| 04/25/2014 | Communication with Kathryn Scordata re: foreign creditors. | AM | 0.10 | 35.00 |
| 04/26/2014 | Conference with client re: planning for reorganization, revising operations, informing promoters of Ch.11, potential for responses requiring security. | AM | 0.70 | 245.00 |
| 04/28/2014 | Conference with client re: staff reductions; contractual obligations; taxes due, expense reduction; and reorganization planning. | AM | 2.00 | 700.00 |
| 04/28/2014 | Communication James Ware re: bankruptcy filing. | AM | 0.10 | 35.00 |
| 04/28/2014 | Review current documents on current contractual obligations. | | 0.80 | 280.00 |
| 04/28/2014 | Prepare staff layoff letter. | | 1.00 | 350.00 |
| 04/28/2014 | Prepare FAQs for creditors, invitation for suggestions related to reorganization. | AM | 1.30 | 455.00 |
| 04/28/2014 | Respond to false posting impersonating client on business search site; research, submit request for site to delete posting. | | 1.20 | 420.00 |
| 04/29/2014 | Review information prepared for creditors. | AM | 0.40 | 140.00 |
| 04/30/2014 | Communication with James Ware, Mark Kimball re: request to review civil case record; review record; communication with James Ware, Mark Kimball; review FL defamation case record. | AM | 3.80 | 1,330.00 |

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RE: Chapter 11 Reorganization

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|------------|--|----|------|----------|
| 04/30/2014 | Prepare for hearing re: email notices. | AM | 0.40 | 140.00 |
| 05/01/2014 | Conference with clients. Attend hearing re: email noticing and status conference. Conference with clients and Kathryn Scordata. | AM | 3.20 | 1,120.00 |
| 05/02/2014 | Communication James Ware re: options to stop harassment; what if any investigations may be pending against client. | AM | 0.30 | 105.00 |
| 05/05/2014 | Conference client, staff, and developer re: identify what information needed to develop reorganization plan, complete promoter files, compile current, accurate data and verify information sources. Discussion re: how information on promoters, entered, tracked, totaled and payment cycle and process details. | AM | 4.50 | 1,575.00 |
| 05/05/2014 | Conference with client re: gather, review, organize information for reorganization planning and Ch.11 reports and requirements. | AM | 2.80 | 980.00 |
| 05/05/2014 | Telephone Tara Mauer, bankruptcy analyst re: authorized depositories. (Not Billed) | AM | 0.20 | 70.00 |
| 05/05/2014 | Conference with Vladimir Raskin re: financial information for initial interview and monthly reports. | AM | 1.50 | 525.00 |
| 05/06/2014 | Telephone calls to and from First Data re: chargebacks, Bank of America re: merchant account, chargebacks and business account. | AM | 0.20 | 70.00 |
| 05/06/2014 | Review address and email information; request only one listing per promoter showing all TSP accounts; Review three part payment system, identify each bank and payment service involved in payments and how data matched to promoter. | AM | 4.70 | 1,645.00 |

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|------------|---|----|------|----------|
| 05/06/2014 | Telephone call from Michael Curcio First Data re: chargebacks. | AM | 0.30 | 105.00 |
| 05/07/2014 | Prepare draft sec. 341 email meeting notice to all promoters in client database. | AM | 2.00 | 700.00 |
| 05/07/2014 | Research authorized depository (Not Billed) | AM | 0.20 | 70.00 |
| 05/07/2014 | Communication with Kathryn Scordato re: sec. 342 notice and results of research on mailing expenses. | AM | 0.10 | 35.00 |
| 05/07/2014 | Conference with Vladimir Raskin re: prepare for Initial Debtor Interview, Ch. 11. guidelines, requirements, compliance with Ch. 11 and accounting procedures. | AM | 1.00 | 350.00 |
| 05/07/2014 | Communication with Cory Cotee, FBI re: status of identifying online attackers. | AM | 0.90 | 315.00 |
| 05/08/2014 | Strategy session client re: FBI lack of progress and inquiries regarding company, creditor committee, concern about disciplined promoter appointed chair; review Ch. 11 status, review music licensing market price research work on reorganization plan. | AM | 4.00 | 1,400.00 |
| 05/09/2014 | Communication Cory Cotee FBI re: inquiries. | AM | 1.00 | 350.00 |
| 05/09/2014 | Communication with Micheal Curio, First Data re: chargebacks. | AM | 0.50 | 175.00 |
| 05/09/2014 | Research creditor committee. (Not Billed) | AM | 0.50 | 175.00 |
| 05/09/2014 | Review client files | AM | 2.10 | 735.00 |

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|------------|--|----|------|--------|
| 05/09/2014 | Communication with Larry Feinstein re: delivery confirmation sec. 341 meeting email notice to all creditors and client database. | AM | 0.10 | 35.00 |
| 05/10/2014 | Four telephone calls with clients re: FBI, chargebacks and creditor committee. | AM | 1.10 | 385.00 |
| 05/12/2014 | Attend hearing to shorten time. Conference with clients. | AM | 2.00 | 700.00 |
| 05/12/2014 | Conference with Tara Mauer, Bankruptcy analyst re: authorized depository. (Not Billed) | AM | 0.10 | 35.00 |
| 05/12/2014 | Conference clients and Vladimir Raskin re: initial interview and company status. | AM | 1.10 | 385.00 |
| 05/13/2014 | Communication First Data re: chargebacks in the amount of \$3200 and bankruptcy. Communication clients re: chargebacks. | AM | 0.70 | 245.00 |
| 05/13/2014 | Communication Larry Feinstein re: bank accounts, insurance, matrix and 2004 examination. | AM | 0.40 | 140.00 |
| 05/13/2014 | Conference clients re: 2004 examination; review attorney general complaints and responses. | AM | 1.90 | 665.00 |
| 05/14/2014 | Conference clients, bookkeeping staff and Vladimir Raskin re: status of reports, additional bookkeeping reports, completing data entry and reconciling accounts. | AM | 2.60 | 910.00 |
| 05/14/2014 | Communication Larry Feinstein re: application to employ; | AM | 0.10 | 35.00 |
| 05/15/2014 | Communication with client re: renegotiate lease. | AM | 0.60 | 210.00 |

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| | | | | |
|------------|---|----|------|----------|
| 05/15/2014 | Conference professional with experience in Russian community re: nature of attacks on client. She was aware of severe attacks in the community and urged advising clients to take threats seriously. (Not Billed) | AM | 1.50 | 525.00 |
| 05/15/2014 | Review updated promoter reports, prepare for Initial Debtor Interview, and work on draft creditor list for trustee. | AM | 0.70 | 245.00 |
| 05/15/2014 | Communication with Larry Feinstein promoter news update, application to hire as special counsel and 2004 exam. | AM | 0.30 | 105.00 |
| 05/16/2014 | Conference clients re: best process to verify and update promoter information and total amount owed. | AM | 1.50 | 525.00 |
| 05/16/2014 | Conference client re: reorganization plan, funding, business plan and budget projections and hiring adverse action litigator. | AM | 2.00 | 700.00 |
| 05/16/2014 | Conference with Vladimir Raskin and bookkeepers re: issues getting complete and accurate data; steps to get all financial reports completed. | AM | 3.10 | 1,085.00 |
| 05/16/2014 | Work on revised creditor list for trustee; review forms, documents, and organize binder for Initial Debtor Interview. | AM | 2.20 | 770.00 |
| 05/18/2014 | Communication clients re: status of attempts to sell company automobile. | AM | 0.60 | 210.00 |
| 05/19/2014 | Conference clients. Attend Initial Debtor Interview. Conference clients. Draft reorganization work plan. | AM | 4.20 | 1,470.00 |
| 05/20/2014 | Conference with clients re: reorganization work plan, bankruptcy, office space, and 2004 exam litigator. | AM | 3.50 | 1,225.00 |
| 05/21/2014 | Review revised Schedule E and F. | AM | 2.50 | 875.00 |

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| | | | | |
|------------|---|----|------|----------|
| 05/21/2014 | Communication with Kathryn Scordato re: revised schedule and revisions to promoter information. | AM | 0.30 | 105.00 |
| 05/23/2014 | Strategy session with clients re: progress on reorganization, plan monthly reports. | AM | 3.40 | 1,190.00 |
| 05/23/2014 | Review documentation for bankruptcy monthly reports. | AM | 0.60 | 210.00 |
| 05/23/2014 | Conference with clients Vladimir Raskin re: availability, status of data and timeline for reports. | AM | 1.30 | 455.00 |
| 05/23/2014 | Reformat Vladimir Raskin raw data for reports; organize documents. | AM | 0.70 | 245.00 |
| 05/25/2014 | Communication with Rob Preston and Krista Bush re: potential adverse action representation. | AM | 0.70 | 245.00 |
| 05/27/2014 | Conference clients re: Review company reports and information from Vladimir Raskin. | AM | 1.40 | 490.00 |
| 05/27/2014 | Communication with Kathryn Scordato and Larry Feinstein re: notice procedure. | AM | 0.10 | 35.00 |
| 05/27/2014 | Conference with Mark Kimball re: counsel for 2004 examination, explore options. | AM | 1.00 | 350.00 |
| 05/28/2014 | Conference clients re: review reorganization plan, current promoter responses, available funds, potential for revenue, trustee actions before accept conversion to Ch. 7. | AM | 6.80 | 2,380.00 |
| 5/29/2014 | Conference clients re: next steps and consequences of conversion if that option taken. | AM | 1.50 | 525.00 |
| 05/30/2014 | Conference with clients, Larry Feinstein re: final payroll, bank accounts. | AM | 0.20 | 70.00 |

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|------------|--|----|--------------|------------------|
| 05/30/2014 | Conference clients re: winding up affairs and shutting down business; conference with remaining staff re: shut down; plan for consolidate business records information into one space. | AM | 3.00 | 1,050.00 |
| 05/31/2014 | Conference clients re: inventory company property and documents; concern re: confidential information on promoters; renewal on server. | AM | 2.20 | 770.00 |
| 9/3/2014 | Reconcile billing, prepare Fee application, Declaration, and Proposed Order and for participation in scheduled hearing on 10/03/2014 regarding fee application, as well as any negotiations or discussions with Trustee, Court or Client in the interim. | AM | 2.00 | 700.00 |
| | Total of New Services: | | 0.00 | |
| | Total of Previous Services: | | 97.80 | 34,230.00 |

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RE: Chapter 11 Reorganization

| DATE | PAYMENT | AMOUNT |
|---|---|-----------------|
| 4/21/14 | Payment received - \$15,000 In trust as retainer for future services. | 15,000 |
| Total Of New Payments: | | 0.00 |
| Total of Previously Billed Payments: | | \$15,000 |

ACCOUNT SUMMARY

| | |
|------------------------|-----------------|
| PREVIOUS BALANCE: | |
| NEW SERVICES: | |
| NEW EXPENSES: | |
| NEW PAYMENTS: | |
| TOT. CURRENT PERIOD: | |
| CURRENT BALANCE | \$17,655 |

**IN THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE**

In re:

TREND SOUND PROMOTER AMG
CORP.,

Debtor (S),

No.: 14 – 13193

ORDER AUTHORIZING FINAL FEES

THIS MATTER having come on for hearing upon the application of Annette M. Mouton of Salix Law (formerly Reset Legal Services PLLC), special counsel for Debtor, for approval of final attorneys' fees and costs pursuant to provisions of 11 U.S.C. § 330 and LR 2016-1; and notice having been given; and no party filing an objection or response; and the court being advised in the premises; now therefore; it is hereby

ORDERED Salix Law be and is hereby awarded post-petition fees in the amount of \$33,500 and an additional \$700.00 for fees incurred related to this fee request; and counsel is holding in trust \$15,000.00 as a retainer in these proceedings the sums of \$15,000.00, and is authorized to apply \$15,000.00 toward the outstanding attorneys' fees.

Presented by:

/s/ Annette M. Mouton
Annette M. Mouton WSBA # 22246
Special Counsel for Debtor