

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS

BEFORE THE HONORABLE D. MICHAEL LYNN, JUDGE

In Re:)	Case No. 10-43400-dml
)	Chapter 11
TEXAS RANGERS BASEBALL PARTNERS,)	
)	
Debtor.)	Thursday, June 17, 2010
)	Fort Worth, Texas

Hearing on:

Motion Pursuant to Sections 105(a), 327, 328, and 330 of the Bankruptcy Code for Authorization to (i) Employ Professionals Utilized in the Ordinary Course of Business and, (ii) Implement Certain Procedures to Retain, Compensate, and Reimburse Such Professionals [Docket No. 36];

Application to Employ K&L Gates LLP as Counsel for the Official Committee of Unsecured Creditors [Docket No. 154];

Application Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016 for Authorization to Employ and Retain Weil, Gotshal & Manges LLP as Attorneys for the Debtor Nunc Pro Tunc to the Commencement Date [Docket No. 35];

Debtor's Application for Order Authorizing and Approving the Employment and Retention of AlixPartners, LLP as Noticing, Claims and Balloting Agent in the Chapter 11 Case Nunc Pro Tunc to the Commencement Date [Docket No. 124];

Application Pursuant to Sections 327(a) and (328(a) of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016 for Authorization to Employ and Retain Forshey & Prostok, LLP as Special Conflicts Counsel for the Debtors Nunc Pro Tunc to the Commencement Date [Docket No. 127]; and

Application of Debtor Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure for Authorization to Employ and Retain Perella Weinberg Partners LP as Financial Advisor and Investment Banker to the Debtor Nunc Pro Tunc to the Commencement Date [Docket No. 144].

Appearances listed on the following pages.

Appearances:

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For Rangers Baseball Express, LLC:	Robert A. Simon, Esq. Barlow Garsek & Simon, LLP 3815 Lisbon Street Fort Worth, Texas 76107

Appearances continued on next page.

Appearances continued:

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I N D E X

Proffer in the Application to
employ Weil, Gotshal & Manges: page 13

Witnesses:

	Direct	Cross	Redirect	Recross
Martin A. Sosland				
By Ms. Lambert:		25		
By Mr. Simon:		55		
By Mr. Stewart:		58		
By Ms. O'Neil:		60		
By Mr. Persons:		66		

U.S. Trustee's Exhibits 1, 2, and 3: page 66

Closing Arguments:

On behalf of the U.S. Trustee:	page 68
On behalf of the Ad Hoc Group:	page 72
On behalf of Weil, Gotshal & Manges:	page 75

The Court's Ruling: page 76

Motion to Employ Forshey & Prostok: page 79

The Court's Ruling: page 81

Motion to Employ Perella Weinberg: page 85

The Court's Ruling: page 100

Motion to Employ in the Ordinary Course: page 109

Motions Hearing

5

1 Thursday, June 17, 2010

1:32 o'clock p.m.

2 P R O C E E D I N G S

3 THE COURT: Please be seated. All right. This is the
4 Texas Rangers Baseball case. I'm going to call the telephone roll
5 first. We have Ms. Eisele with AlixPartners.

6 MS. EISELE: Good afternoon, Your Honor. Yes, I'm here.

7 THE COURT: All right. And Mr. Seider and Mr. Rochelle
8 for JPMorgan Chase.

9 MR. SEIDER: Good afternoon, Your Honor. Mitchell
10 Seider.

11 THE COURT: All right. And Ms. Meyers for the
12 Commissioner of Baseball.

13 MS. MEYERS: Thank you, Your Honor.

14 THE COURT: All right. Could I have appearances in the
15 courtroom, please?

16 Don't fight over it. Go ahead.

17 MS. LAMBERT: Lisa Lambert for the U.S. Trustee.

18 MR. SOSLAND: Good afternoon, Your Honor. Martin
19 Sosland and Charles Persons from Weil, Gotshal and Manges on
20 behalf of the debtor as well as on behalf of the firm.

21 THE COURT: He doesn't look tired, Mr. Sosland. you're
22 not working him hard enough. That's -

23 MR. SOSLAND: I'll take that to heart, Your Honor.

24 THE COURT: Good. I'm sure I can count on you.

25 MR. PROSTOK: Do I look tired, Your Honor?

Motions Hearing

6

1 THE COURT: You always look tired, Mr. Prostok.

2 MR. PROSTOK: Jeff Prostok on behalf of Forshey and
3 Prostok, proposed conflicts counsel for the debtor.

4 MR. FINE: Good afternoon, Your Honor. Jeffrey Fine and
5 Dan Morenoff of K&L Gates on behalf of the Official Unsecured
6 Creditors Committee.

7 MR. SIMON: Good afternoon, Your Honor. Robert Simon
8 for Rangers Baseball express.

9 MR. STRUBECK: Good afternoon, Your Honor. Louis
10 Strubeck and Kristian Gluck of Fulbright Jaworski on behalf of the
11 proposed financial advisor Perella Weinberg Partners. I probably
12 don't look tired, I just look old these days, right, Judge?

13 THE COURT: You're going to look older after this
14 hearing.

15 MR. STRUBECK: Good.

16 MS. O'NEIL: Good afternoon, Your Honor. Holly O'Neil
17 on behalf of GSP Finance, LLC, the agent for the second lien
18 lenders.

19 MR. STEWART: Dan Stewart and Molly Sorg, S-o-r-g, for
20 the Ad Hoc Group of First Lien Lenders.

21 MR. FOLEY: Good afternoon, Your Honor. Nick Foley of
22 Neligan Foley, unofficially here. We've been asked to consider
23 representing one or more of the parent companies who an
24 involuntary petition has been filed against but haven't formally
25 been engaged.

Motions to Employ Professionals

7

1 THE COURT: All right. All right. Before we begin I
2 think we just have lawyers here, but there's something that I need
3 to make clear, and we're going to start doing this at each
4 session. It's come to my attention that apparently someone
5 recorded portions of Tuesday's hearing. I don't believe it was a
6 lawyer. I believe it was probably a representative of the media.
7 And that's illegal. It's illegal under Local Rules. It's illegal
8 under the Federal Rules of Criminal Procedure. And if I catch
9 anyone doing it I am going to turn them in and I don't want that
10 to happen.

11 So when you guys talk to your media friends, and I'm
12 sure you will be contacted by the media, you make sure you explain
13 to them that they're going to obey the rules here, and we know who
14 one of the people was. And if I catch him good it again he's
15 going to live to regret it. He is going to be in a world of
16 grief, just an absolute world of grief. I'm not going to have
17 that here.

18 And I know we have at least one or two people on the
19 telephone listening and they are not the guilty parties, but we're
20 going to announce that at the beginning of every Texas Rangers
21 hearing, because that just isn't going to happen. All right?

22 Okay. Mr. Sosland, I think that – let's take the
23 debtor's professionals first.

24 MR. SOSLAND: Your Honor, is there an order in which you
25 would like to proceed that – I believe that every application

Motions to Employ Professionals

8

1 other than the ordinary course application has – has drawn at
2 least one comment or objection. And...

3 THE COURT: Well, it's my understanding – well, why
4 don't you go ahead and say what you want to say about all of them.
5 I have a pretty good idea of how we're going to be proceeding, but
6 you go ahead and say what you want to say by the all of them. And
7 then we'll let the opposing parties beginning with the U.S.
8 Trustee respond.

9 Is there going to be any evidentiary presentation?

10 MR. SOSLAND: Your Honor, none other than – I believe
11 that the declarations or affidavits –

12 THE COURT: Right.

13 MR. SOSLAND: That are – they're on file.

14 THE COURT: Right.

15 MR. SOSLAND: And from the –

16 THE COURT: I mean there's no real dispute about the
17 issues that have been raised by the U.S. Trustee or the lenders,
18 is there? The accuracy of the facts.

19 MR. SOSLAND: I don't think so. There have been some
20 suggestions at least that I can speak to on behalf of our firm
21 about additional information, which we can provide. And I'm happy
22 to tell the Court what we – what we can put in a supplemental
23 declaration, which we haven't filed primarily because it wasn't
24 going to resolve any objections, in any event. And if we weren't
25 going to continue beyond today, –

Motions to Employ Professionals

9

1 THE COURT: Right.

2 MR. SOSLAND: - it didn't matter. But we're happy to
3 supplement the step we can -

4 THE COURT: All right. Ms. Lambert wants to tell me
5 something.

6 MS. LAMBERT: Your Honor, on Sunday, after reviewing the
7 objections to the disclosure statements, the U.S. Trustee sent
8 Weil, Gotshal a request for supplements on the disclosure
9 statement. And yesterday at 11:30 I sent an email asking about
10 the status of the supplements and specifically discussing the
11 financial disclosures in connection with Exporting Group and the
12 other representations.

13 I received back at 12:30 an email from an attorney at
14 Weil, Gotshal saying, "We will be filing another declaration
15 shortly that will clarify this point."

16 At 10:30 last night I asked when will the supplement be
17 filed. I received no response.

18 It is true that the issues in the supplement would not
19 necessarily resolve the issue, but they would help the Court and
20 the U.S. Trustee gain an understanding of what the - what the
21 circumstances of the representation of prior Hicks Sporting Group
22 was and who paid whom.

23 It's material to the facts of this case as to whether
24 HSG was pay - paying the fees or whether the debtor was paying the
25 fees, it was paying the fees. It's material as to what other

Motions to Employ Professionals

10

1 representations they have. It's material as to what percentage of
2 the fees that the Hicks related entities paid Weil, Gotshal -

3 THE COURT: Well, all right, here is the way I look at
4 this. If Weil, Gotshal is - if Weil, Gotshal's employment is
5 approved and they have not fairly soon made full disclosure and it
6 later turns out that there is a material fact that they failed to
7 disclose, they'll be working for free. And I know how Harvey
8 Miller feels about that, so I don't think that's going to happen.

9 You know that, don't you, Mr. Sosland?

10 MR. SOSLAND: Yes, Your Honor.

11 THE COURT: Okay.

12 MS. LAMBERT: Well, because of the scenario that your
13 Court had asked whether there was going to be an evidentiary
14 presentation, the U.S. Trustee anticipates cross-examining on the
15 declaration.

16 THE COURT: All right. Yes, Mr. Strubeck.

17 MR. STRUBECK: Your Honor, I'll be very brief. I agree
18 generally with what Mr. Sosland had to say. The only evidence
19 that we had expected to provide today is in the form of
20 declarations. And we did file a supplemental declaration.

21 THE COURT: Yes, I've seen it. And let me assure you,
22 by the way, that I am not going to approve any financial advisor
23 in this or any other case ever again unless I get to pass on their
24 fees, and I don't think Perella likes that. And if they don't
25 like that, then they are working for free.

Motions to Employ Professionals

11

1 MR. STRUBECK: Well, no. I think I understand that,
2 Judge. And I know you had said earlier that I'm going to be older
3 after this hearing ends, but - we - and I will be, just because
4 time will pass, but -

5 THE COURT: Um-hum.

6 MR. STRUBECK: - I spent a lot of time with Ms. Lambert,
7 and I think our office did, and she'll acknowledge this, to try to
8 work through their objections. And I think that we have resolved
9 the objection that you're focused on right
10 now -

11 THE COURT: All right.

12 MR. STRUBECK: - in terms of the Section 328(a),
13 retention, and whether the Court would have an opportunity and the
14 U.S. Trustee would have an opportunity to examine that under a
15 reasonable standard at the end.

16 I, as you know, Your Honor, I was here in the Mirant
17 cases and also in the Pilgrim Pride case in a very big way.

18 THE COURT: Um-hum.

19 MR. STRUBECK: And I understand the Court's position on
20 that, -

21 THE COURT: Um-hum.

22 MR. STRUBECK: - and we, I think, worked through that
23 issue. And perhaps Ms. Lambert could speak to that.

24 THE COURT: Okay. You know, I've got to tell you, I'm
25 tired of seeing the applications that try to get around it. I

Motions to Employ Professionals

12

1 don't want to see any more.

2 MR. LAMBERT: I appreciate that, Judge.

3 THE COURT: I'm going to – I'm just going to start
4 rejecting them out of hand. They're just going to be denied, and
5 that's going to be it if I see another application like that.

6 I hope that word gets around, because I've had – I'm
7 tired of having my law clerks have to look. Everybody knows what
8 I do. And these financial advisers, they keep coming in, and
9 saying, "We want a guaranteed transaction fee."

10 And they come in with stuff like in Mirant with, "If any
11 debtor sells any asset, we're entitled to our transaction fee."
12 Nine million dollars for Houlihan Lokey, \$9 million.

13 MR. STRUBECK: Judge, that was –

14 THE COURT: I'm not going to do that anymore. That
15 wasn't you, I know.

16 MR. STRUBECK: No, but I was going to say that was one
17 of the first things we focused on. We got –

18 THE COURT: All right.

19 MR. STRUBECK: – retained on Friday –

20 THE COURT: I understand.

21 MR. STRUBECK: – after the application was filed.

22 THE COURT: I understand.

23 MR. STRUBECK: And all I wanted to say to the Court is
24 if – I think we have worked that issue out –

25 THE COURT: All right.

The Application of Weil, Gotshal & Manges

13

1 MR. STRUBECK: - to Ms. Lambert's satisfaction. We done
2 exactly the way Your Honor approved for Lazard, for example, in
3 the -

4 THE COURT: All right.

5 MR. STRUBECK: - Pilgrim's Pride case.

6 THE COURT: All right. All right. Well, I'll tell you
7 what, why don't we start with Weil, Gotshal's application?

8 Mr. Sosland, you may present it then. We'll let Ms.
9 Lambert and anyone else say anything that they want, and we'll go
10 from there.

11 PROFFERING IN SUPPORT OF THE APPLICATION

12 MR. SOSLAND: Your Honor, with respect to the
13 application of Weil, Gotshal and Manges, Weil, Gotshal - the
14 debtors are requesting that our firm be retained to represent them
15 generally in connection with this Chapter 11 case and the duties
16 of Texas Rangers Baseball Partners as debtor-in-
17 possession in connection with the Chapter 11 plan.

18 As we pointed out - as was pointed out in the app- - in
19 the application and in my declaration that is on file, we have
20 since - first of all, as you've heard testimony at other hearings,
21 Tom Hicks is the ultimate control person for Texas Rangers
22 Baseball Partners.

23 And Tom Hicks, Thomas O. Hicks, is the - is the -
24 indirectly controls - has the indirect majority ownership of Texas
25 Rangers Baseball Partners through a chain of entities.

The Application of Weil, Gotshal & Manges

14

1 We've used the organizational chart at prior hearings
2 that – that has HSG. And HSG is the entity that borrowed \$525
3 million, approximately principal – principal amount, from the
4 lenders in these cases, of which this debtor guaranteed \$75
5 million.

6 As has been detailed in numerous pleadings, as well as
7 in the declaration, since 2008 – Mr. Hicks acquired a team in 1998
8 and in 2006 the credit agreement was entered into.

9 Since 2008, as is detailed in numerous pleadings and in
10 the declaration, we have been representing HSG and its
11 subsidiaries in trying to either restructure the debt, refinance
12 the debt, or sell the Rangers, as well as the other assets.

13 And whether you – whether you look at it, as we've been
14 representing HSG and all of its subsidiaries, or you – or whether
15 you look at it as we – we have been representing TRBP, the debtor,
16 and all of its control parties.

17 In either event, we've been representing all of the
18 rated – related parties in connection with an attempt to
19 restructure or sell the enterprise.

20 As we disclosed in – as I disclosed in the original
21 application, over the last 12 months we have received – I'll flip
22 to it for the exact amount – but it's approximately \$7.6 million
23 from HSG and its subsidiaries in connection with all of the work
24 we're doing, which includes the sale of the Dallas Stars, the
25 attempted marketing or restructuring the Dallas Stars, in addition

The Application of Weil, Gotshal & Manges

15

1 to the Rangers.

2 And of the \$7.6 million, approximately \$5.9 million of
3 that was – is related to the work on behalf of the attempts to
4 restructure or sell the debtors. We disclosed –

5 THE COURT: Let's try – try to – I know we usually have
6 multiple debtors, but –

7 MR. SOSLAND: Absolutely, Your Honor.

8 THE COURT: – given that we've got two parents that are
9 now alleged debtors, that's going to confuse the record a bit. So
10 –

11 MR. SOSLAND: Okay. I'm sorry.

12 THE COURT: And I understand and –

13 MR. SOSLAND: The – of the debtor – of the \$5.9 million
14 in connection with the debtor, Texas Rangers Baseball Partners,
15 the ballclub, Your Honor. The – there isn't any work for the two
16 alleged debtor parents, other in connection with – other than to
17 the extent as general partners of the debtor, Texas Rangers
18 Baseball Partners, they make that decision.

19 They have no assets, to my knowledge, other the GP
20 interests. They're the pure holding companies whose only assets,
21 I believe, are the – each of their GP interests in the debtor
22 before this Court today.

23 We disclosed that the – that the – that seven – I guess
24 it seven point – I'm looking at the declaration now. The – we
25 also disclosed a prior – or existing relationships with other

The Application of Weil, Gotshal & Manges

16

1 entities that – of – with both Thomas O. Hicks, himself, and – and
2 other entities.

3 We listed a number of those entities, including Hicks
4 Holdings and Kop Investments, which owns the investment in
5 Liverpool, the soccer club that we are also doing work for, Your
6 Honor.

7 The – part of the additional information that the UST's
8 Office requested was to disclose the fees in connection with those
9 Hicks entities that are not in – in – not in the HSG chain.

10 Your Honor, if you add up all of the – Mr. Hicks and all
11 of his affiliates, including HSG, the fees – there's an additional
12 \$1.1 million in fees that we've received during the past year.
13 And we'll put it out to the penny if – in a declaration, if we
14 continue.

15 If we raise that to \$8.8 million for Mr. Hicks, for HSG,
16 and for – and including the work for the Rangers, at \$8.8 million,
17 it still makes that total less than one percent of our firm's
18 revenues.

19 The – Ms. Lambert also requested that we disclose how
20 much of the 5. – \$5.7 million is being up – was paid by the
21 Rangers, and how much was paid by HSG.

22 Your Honor, approximately 1.8 or 1- – it's between 1.8
23 or 1.9 million that was paid by the debtor, Texas Rangers Baseball
24 Partners. And the balance was paid by HSG. And, again, we can
25 file a supplemental declaration with that information.

The Application of Weil, Gotshal & Manges

17

1 We disclosed in the affidavit, Your Honor, that BRE,
2 Ballpark Real Estate, the entity which Mr. Hicks owns 80 percent
3 of and which is selling land to the proposed purchaser in
4 connection with the sale of the club to the proposed purchaser is
5 a former client of the firm.

6 The – Ms. Lambert asked when – has asked us to disclose
7 when our representation of that entity ceased. The date, Your
8 Honor, is August 15th, 2006. And – and specifically the
9 circumstances surrounding that, Your Honor, is there's – there's a
10 partner at the – at McCraddock [sic] Strother named Philip Danze,
11 who's a former Weil, Gotshal and Manges attorney.

12 When he was at Weil – when he was counsel at – at our
13 firm, he represented Mr. Hicks and BRE in connection with real
14 estate matters. August 15th, 2006 is the date that Mr. Danze left
15 our firm to go to the McCraddock Strother firm.

16 And since that date he has represented – he – he
17 continued to represent BRE, so that that firm is – has been
18 representing BRE. It was Mr. Danze and his – and the McCraddock
19 Strother firm that represented BRE in connection with the proposed
20 sale, the land sale agreement.

21 It was Mr. – Mr. Danze's firm which represented – which
22 represented BRE in connection with the letter that was introduced
23 into evidence as Exhibit U at the hearing on Tuesday – that
24 Lender's Exhibit U. And Mr. Danze would have – and his firm would
25 have represented BRE in connection with that letter.

The Application of Weil, Gotshal & Manges

18

1 I can also let the Court know that Mr. McConnell's firm,
2 Kelly, Hart and Hallman represented the City of Arlington in
3 connection with that agreement. But we – we were not involved in
4 – in that letter agreement, and we don't represent BRE in
5 connection with the – with that land purchase agreement.

6 Mr. Chevallier, from that firm, has appeared in this
7 case representing BRE. And that's precisely the reason his firm
8 has been representing BRE, as I said, for now almost four years,
9 in connection with its real estate matters.

10 The – Your Honor, we know that there are a lot of
11 allegations regarding – we know two things.

12 One is that, when you read our application, we've done a
13 lot of work for Mr. Hicks. He's been a client for our firm since
14 1989. And either – either personally or entities that he controls
15 have been clients of our law firm since 1989.

16 And whether or not his affiliates constitute one percent
17 of the firm's revenues or – I'm not going to stand up here and
18 tell you he's not a significant client of the firm, but we also
19 don't believe there's an actual conflict of interest between the
20 decisions that he's made in connection with the – with the matters
21 that are being presented under the plan of organization.

22 But in the event that that matters do arise where there
23 is a conflict, we have – the debtors have requested the Forshey
24 Prostok firm be retained as conflicts counsel to represent not
25 only the debtor, Texas Rangers Baseball Partners, and to the

The Application of Weil, Gotshal & Manges

19

1 extent there are any actual conflicts with the – with Mr. Hicks or
2 his affiliates, that to the extent there are any other matters
3 that we could not undertake representation of, like many large
4 firms we do not do only debtor work, Your Honor.

5 We represent creditors, acquirers, we – we have large
6 corporate clients. My declaration lists a number of them, many of
7 whom are creditors of TRBP. And although, standing here today I'm
8 not aware of litigation that TRBP would bring against those
9 lenders in the event that an actual conflict arises, other than
10 the debtor/creditor relationship, Your Honor, that would require
11 issues to be litigated.

12 We would not be in a position to litigate those issues.
13 And that's another reason that the Forshey Prostok firm has – has
14 been retained.

15 And, for – and, for example, the lenders filed an
16 adversary proceeding this week related to some transfers that took
17 place. We would expect that the Forshey Prostok firm would –
18 would handle that litigation. We – we would not handle it.

19 But – but, Your Honor, we – we believe that having that
20 counsel in place to take care of those issues is – under – under
21 the case law should resolve any issue regarding disinterestedness,
22 because what we're trying – we don't believe that there are any
23 actual conflicts of interest that exist. And we're trying to –
24 we're trying to have counsel in place, but – because in the event
25 that there are any potentially-disabling conflicts.

The Application of Weil, Gotshal & Manges

20

1 Your Honor, the – Mr. Foley is in the courtroom. And,
2 as he said, he's been approached to – to represent the partners
3 against whom the involuntary petitions have been filed, as I think
4 as – as we had a colloquy on the record on Tuesday. And you asked
5 me whether we would represent the partners in connection with
6 those involuntary 11s. And I told you at the time that we would
7 not. And we really not intend to do so.

8 I'm looking to see – oh, Ms. Lambert also asked us to
9 disclo- – we – in my declaration we disclosed that we represented
10 TRBP, the debtor, prepetition in connection with certain
11 litigation. And she asked us to disclose what that was.

12 Your Honor, that's the suit – it's a suit that's in
13 Dallas County in State District Court called RTKL Associates. And
14 that's – that's Seamas (phonetic) Construction Company. They're
15 two of the three members of a creditors' committee.

16 There the entities that were represented by Mr. Fine in
17 this case before Mr. Fine was selected to represent the creditors'
18 committee. They have a lawsuit pending against TRBP and other
19 entities that are affiliates of – of Mr. Hicks.

20 From the commencement of that case, TRBP has been
21 defended by our firm. And the – and the other defendants in that
22 lawsuit have been defended – have been defended by the McKool
23 Smith firm. And we would expect that that relationship would
24 continue.

25 The other defendants have never – we have not – never

The Application of Weil, Gotshal & Manges

21

1 acted on behalf of the other defendants in that litigation. And
2 the other – and McKool Smith hasn't acted on behalf of TRBP in
3 that litigation. And we would anticipate that that relationship
4 would continue.

5 In addition, Your Honor, I believe that McKool Smith
6 would – to the extent there are any issues relating to the
7 \$5-million note that's been described, the overdraft note that's
8 owed to Mr. Hicks, it's Mr. – it's the McKool Smith firm that
9 would represent Mr. Hicks' interests in connection with that –
10 with that note, as well.

11 The – there are a number of cases cited, Your Honor, by
12 the UST and their objection, some of them relate – the *American*
13 *Airlines* case, in particular, Your Honor, relates to a situation
14 outside of bankruptcy where the court determined that – whether –
15 the court articulated the test whether or not a firm should be
16 disqualified in the – in the situation of actual litigation of
17 adverse interest in this substantially-related test.

18 We don't believe that those are the facts that are
19 before the Court today. We're not – this isn't an issue of
20 whether or not we should be engaged in litigation against a
21 present and formal – former client on matters in which we
22 substantially related the adverse party. To the contrary we're –
23 we have – through the selection by the debtor of – of a conflicts
24 counsel.

25 We've tried to avoid that situation and protect against

The Application of Weil, Gotshal & Manges

22

1 that situation ever arising so that in any instance the debtor
2 would be – the debtor would be advised by competent – by competent
3 counsel with no relationship to that preexisting matter.

4 And we would not represent either the debtor or – we
5 wouldn't represent the debtor against a former – present or former
6 client. And we wouldn't represent the present or former client
7 against the debtor.

8 We are here, Your Honor, in the capacity of representing
9 the debtor as debtor-in-possession trying to get a plan confirmed
10 and creditors paid in – in these Chapter 11 cases.

11 The consolidated *Bancshares* case, Your Honor, that the
12 UST cites talks about looking at making factual analysis, but
13 based on, you know, the actual circumstances of the case.

14 And we believe that – that based on the actual
15 circumstances of the case that there are no disabling conflicts
16 and that we should be allowed to represent the debtor or continue
17 the work that we've been doing since the – the case was filed on –
18 on May – May 24th.

19 Your Honor, I'm – there is one related issue, as it
20 relates to the Forshey Prostok application. The – the application
21 also suggests in matters that it would be more efficient for that
22 firm to do the work, than our firm, that they should be retained
23 for that.

24 And if – if I read that UST's comments to the Forshey
25 Prostok application correctly, she took issue with that enough –

The Application of Weil, Gotshal & Manges

23

1 or wondering how we would avoid a duplication of effort. And I
2 think that may – that may have been the point.

3 We understand, Your Honor, if we duplicate effort we're
4 not going to be paid. We also understand if you find that we're –
5 that we can't be paid because we're – we're disqualified, we may
6 not be paid, but we're not – but, Your Honor, I've never been in a
7 situation where someone has suggested we shouldn't use a firm with
8 all the weights (phonetic), would be more – would be more
9 efficient and beneficial to the client and the estate for that
10 firm to handle matters that weren't conflict matters but were
11 simply more – more efficient for that firm to handle.

12 And the debtor might – our client would like to be able
13 to use the Forshey Prostok firm for those matters, as well. And I
14 – and we believe that that's in the best interest of – of the
15 estate and all parties-in-interest, Your Honor.

16 I'm happy to answer any questions that the Court has
17 regarding the application.

18 THE COURT: That's okay. I've looked at the papers.

19 How do you propose – Ms. Lambert, do you want to examine
20 Mr. Sosland on the witness stand?

21 I don't know that we have your declarant here, do we?

22 MR. SOSLAND: I am the declarant.

23 THE COURT: Okay. Do you want to examine Mr. Sosland on
24 the witness stand?

25 MS. LAMBERT: Yes, Your Honor.

The Application of Weil, Gotshal & Manges

24

1 THE COURT: Okay. Mr. Sosland, have a seat. I'm going
2 to waive the oath with respect to Mr. Sosland, as he's an officer
3 of this Court.

4 MS. LAMBERT: Yes, Your Honor.

5 Your Honor, the U.S. Trustee has some exhibit binders.
6 And I'd like to approach.

7 THE COURT: All right. Have you provided them to Mr.
8 Sosland previously?

9 MS. LAMBERT: I have them here for him. These are all
10 things that the U.S. Trustee is seeking admission of that were
11 discussed in the objection, not for the truth of the matter
12 asserted, but for notice of the issues in this case. And there
13 are three exhibits. One is the ad hoc lenders' brief. One is the
14 Ad Hoc Group's complaint, and one is the debtor's brief in support
15 of the disclosure statement.

16 THE COURT: All right.

17 MR. SOSLAND: And, Your Honor, I know I'm in the witness
18 box. But may I look at the exhibits to see what I have any
19 objection?

20 THE COURT: You've got competent counsel there looking
21 at them. You don't need them. This is your big chance.

22 (Laughter.)

23 MR. PERSONS: He will have to let me stand up.

24 THE COURT: Let me have one of those.

25 MARTIN ALAN SOSLAND, DECLARANT, SWEARING WAIVED

Sosland - Cross/Lambert

25

1 CROSS-EXAMINATION

2 BY MS. LAMBERT:

3 Q. Mr. Sosland, my name is Lisa Lambert. We've met many times
4 before, in case you forgot.

5 Can you state your name for the record, please?

6 A. Yeah. Martin Alan Sosland.

7 Q. And you prepared the declaration that was originally attached
8 to the application to be employed, right?

9 A. Yes.

10 Q. And you're aware that the U.S. Trustee's Office had asked for
11 supplements, right?

12 A. Yes.

13 Q. And you're aware that that those supplements were promised
14 yesterday at noon?

15 A. No, I wasn't aware, until you said that on the record this
16 morning.

17 Q. Okay. And you weren't aware that we had asked for them at
18 10:30 last night, either?

19 A. No, I was not.

20 Q. And you mentioned that it was your position that Hicks
21 Sporting Group and the Texas Rangers Baseball Partners had
22 employed Weil, Gotshal in 2008, right?

23 A. During – I believe that's correct. But our fees during 2008
24 would have been paid by HSG, but I can get – our engagement would
25 have related to HSG and all of its subsidiaries.

Sosland - Cross/Lambert

26

1 Q. You didn't put the engagement letter in the declaration, did
2 you?

3 A. No.

4 Q. The engagement letter was signed by Hicks Sporting Group?

5 A. I don't know.

6 Q. You just have no knowledge of that?

7 A. No, I don't.

8 Q. Do you have any knowledge whether TRBP signed the engagement
9 letter?

10 A. At what point in time?

11 Q. In 2008.

12 A. I don't know.

13 Q. So -

14 A. If I - if I could supplement an answer?

15 Q. Certainly.

16 A. You asked if I prepared the declaration?

17 Q. Yes.

18 A. The declaration was prepared - was prepared by people -
19 originally drafted by people under my supervision using -
20 undertaking the conflicts procedure review process that's described
21 in the declaration. I'm not the person who did that conflicts
22 review.

23 Of - I reviewed the results of it and the - and reviewed
24 and edited a draft declaration that was prepared for - for me to
25 sign. And I was aware of all of the facts on that - through that

1 process when I signed the declaration.

2 Q. You'd agree with me at some point Weil, Gotshal was
3 representing Hicks Sporting Group, right?

4 A. We call that - we've represented them, and we continue to
5 represent them.

6 Q. You've represented them since March of 2008, right?

7 A. It - well, - the entity that it - the entity that's HSG Sports
8 Group, I believe we've represented since it was formed. So
9 whatever - so it's certainly including since 2008.

10 Q. And so there was a predecessor to what we call HSG Sports
11 Group, right?

12 A. It's changed its names a couple of times.

13 Q. Right. And you've represented all - Weil, Gotshal - when I
14 say "you," I'm talking about Weil, Gotshal - has represented them
15 through the entirety of that time?

16 A. Yes. We - we represented Mr. Hicks and the entities that were
17 utilized to acquire the Texas Rangers in 1998. And we've
18 represented those entities since that time. That - that includes
19 in the - in the - I think you - whatever year he acquired the
20 Stars, which is earlier than 1998. It would go back to that point
21 in time.

22 Q. And Hicks Sporting Group paid 4.1 million of the 5. - of the
23 5.9 million associated with the Texas Rangers representation,
24 right?

25 A. That's the approximate amount, yes.

Sosland - Cross/Lambert

28

1 Q. So more than twice as much as Texas Rangers Baseball Partners,
2 which paid 1.8 million, right?

3 A. Correct.

4 Q. And you just had no knowledge if there's an express agreement
5 with Texas Rangers Baseball Partners?

6 A. Now I do have a – I do have knowledge in the agreement with
7 Texas Rangers Baseball Partners in connection with the preparation
8 and filing of the Chapter 11 case. But what I'm not aware of is
9 whether there was a separate agreement with TRBP in 2008.

10 Q. The 1.8 million is all associated with the representation in
11 the bankruptcy case of TRBP?

12 A. It was – it's – well, it's – it's associated with the amended
13 and restated Asset Purchase Agreement and the time period leading
14 up to the filing of the case, the preparation of the case, and the
15 – the drafting and preparation of the Chapter 11 plan and
16 disclosure statement, and all of the preparatory work for the
17 Chapter 11 case.

18 All – to answer a question you may be about to ask, all
19 of it was paid in 2- – in this year.

20 Q. In 2010?

21 A. Correct.

22 Q. HSG Sporting Group paid Weil, Gotshal for the representation
23 in connection with the January APA, right?

24 A. Correct.

25 Q. And you're aware that there has been a challenge by the ad hoc

Sosland - Cross/Lambert

29

1 lenders regarding the negotiation of that January APA?

2 A. I'm not sure what you're talking about.

3 Q. You just haven't -

4 A. Well, -

5 Q. Mr. Glenn West, in his emails, regarding whether the agreement
6 was modified or not, you have no knowledge of that?

7 A. You said there's have been a challenge by the lenders -

8 Q. Yeah, ad hoc lenders.

9 A. - regarding the execution -

10 THE COURT: Okay. Wait a minute, wait a minute. When
11 you ask a question and he answers, you let him answer, and then
12 you can ask another question.

13 When she's asking a question, you don't answer until she
14 stops, okay, because it makes a mess for the reporter and makes a
15 really ugly record. So please let's try to stick to those rules.
16 Okay?

17 BY MS. LAMBERT:

18 Q. My question was: Do you have knowledge that there has been a
19 challenge by the ad hoc lenders group as to whether a modification
20 occurred in connection with the January APA?

21 A. No.

22 Q. You have no knowledge that there was an email from Glenn West
23 about Mr. Greenberg's modification of the terms of an agreement to
24 purchase the Texas Rangers?

25 A. I have knowledge of a number of emails. Do you have an email

Sosland - Cross/Lambert

30

1 you'd like me to look at? I'm not aware of an email about the
2 modification of the terms of the January 20 - 20 - of a specific
3 email about the modification of the terms of the January 23rd APA.
4 But if you would show it to me, I could - I could answer probably
5 -

6 Q. Is -

7 A. - a specific question about it.

8 Q. Is there a - is there a question about Glenn West -

9 Glenn West is an attorney at Weil, Gotshal, right?

10 A. Correct.

11 Q. - about his emails confirming that Mr. Greenberg had modified
12 the proposal?

13 A. At what point in time?

14 Q. Before the January APA in December of 2008.

15 A. There are a number of emails about negotiations in December of
16 2000- - in 2008? I don't think so. 2009 -

17 THE COURT: Okay. Okay. You're speaking of the 2009
18 emails that Mr. West sent to, I believe, the lenders with respect
19 to the confusion, which is what I'll refer to it at this point, as
20 between Mr. Greenberg and a representative of Perella respecting
21 changes, which I don't know what they are, that Mr. Greenberg had
22 indicated he would make to the proposal, which were to be
23 incorporated then in the Asset Purchase Agreement.

24 Is that not correct?

25 MS. LAMBERT: Yes, -

Sosland - Cross/Lambert

31

1 THE COURT: Okay.

2 MS. LAMBERT: - that's correct.

3 THE COURT: And you're familiar with those emails?

4 THE WITNESS: I'm - I'm familiar with what Your Honor
5 just described.

6 THE COURT: You were referring to 2008, Ms. Lambert. He
7 was being accurate in saying there were no - well, maybe there
8 were such emails, but I don't know about them.

9 MS. LAMBERT: The email series, I think, commenced in
10 December of 2008 and continued through January 2009.

11 THE WITNESS: No.

12 BY MS. LAMBERT:

13 Q. No?

14 A. 2009 -

15 Q. So you're very familiar with this series of emails, right?

16 A. What series of emails?

17 Q. In - regarding the Greenberg purchase in 2009.

18 A. If -

19 THE COURT: You're off by a year, Ms. Lambert. The
20 emails were in 2009, not 2008.

21 MS. LAMBERT: December of 2000- -

22 THE COURT: Don't interrupt me.

23 And the agreement was in 2010; am I correct?

24 THE WITNESS: Yes, Your Honor.

25 THE COURT: All right. Now, please, keep the date

Sosland - Cross/Lambert

32

1 straight, because otherwise he's going to keep answering and we're
2 going to keep going like this.

3 BY MS. LAMBERT:

4 Q. In December of 2009, you were familiar with the emails, right?

5 A. I – I'm familiar with certain emails sent by Glenn West in
6 December 2009, yes.

7 Q. Well, if Mr. West becomes a fact witness, is Weil, Gotshal
8 going to withdraw from questioning him on that?

9 A. A fact witness regarding what?

10 Q. The January APA and the events leading to it.

11 A. No. Would you like to know why?

12 Q. No.

13 Weil, Gotshal also prepared the modified APA, correct?

14 A. I'm not sure that's exactly correct, but I can give you a more
15 detailed answer. Weil, Gotshal negotiated –

16 First of all, on the modified APA, you're – you're
17 referring to the agreement dated May of – I think May 24th of 2010
18 that's attached to the plan and disclosure statement?

19 Q. I'm referring to the agreement attached to the plan and
20 disclosure statement, yes.

21 A. We negotiated that agreement on behalf of TRBP, yes. We're
22 not the only firm that was involved with – involved in preparing
23 that agreement.

24 Q. Now Weil, Gotshal had spoken with the HSG Sports
25 representatives the year before bankruptcy about their motivation

1 for the sale of the Texas Rangers, right?

2 A. Yes.

3 Q. And had obtained confidential information on HSG Sports Group
4 in connection with that representation, hadn't they?

5 A. I don't know that for a fact, but I assume that that is so.

6 Q. And Weil, Gotshal has a duty of loyalty to HSG Sports Group in
7 connection with those transactions, right?

8 A. Yes.

9 Q. Weil, Gotshal also handled the transfers that occurred, let's
10 say, from May 20th to May 24th, didn't they?

11 A. I - if you're referring to the transfers that have been -

12 MR. PROSTOK: Your Honor, on behalf of conflicts counsel
13 that will probably be handling the fraudulent transfer matter, I
14 don't think it's appropriate to be asking these kinds of -

15 THE COURT: That's all right. She can ask the questions
16 about it.

17 THE WITNESS: If you're talking about the transfers that
18 occurred in that period of time at the end of the subject of
19 discussion at the hearing on Tuesday or other pleadings, yes, we
20 were involved that.

21 BY MS. LAMBERT:

22 Q. And did Weil, Gotshal represent the Texas Rangers in
23 connection with those transfers?

24 A. In connection with the transfers into the - with - in
25 connection with the transfers of assets in connection with the

Sosland - Cross/Lambert

34

1 sale, we – we represented TRBP. We've – we represented both
2 sides.

3 Q. You represented both sides of –

4 A. The transferor and the transferee, the same entities that we
5 were representing under the January 23rd Asset Purchase Agreement
6 involving those assets.

7 Q. And that included the \$10-million modification that goes to
8 Greenberg if the Greenberg transaction is not completed?

9 A. That's not included in – I – I'm not completely following the
10 question.

11 Are we talking about the transfers, or are you asking
12 whether we – we – we represented TRBP in connection with the
13 documents that were executed in connection with the May 24th Asset
14 Purchase Agreement.

15 Q. Okay. And that Asset Purchase Agreement now includes the
16 \$10-million – a \$10-million monetary payment to Mr. Greenberg if
17 the transaction does not close, right?

18 A. I don't know that you're accurately describing what the
19 provision is, but if you – but I – I don't want to adopt your
20 description of the provision, but –

21 Q. You wouldn't characterize it as a stalking-horse fee?

22 A. Not – no, not exactly. But I'm happy to – I'm happy to put
23 the documents into evidence. And I'm happy to – to say that we
24 represented TRBP in connection with the execution of those
25 documents.

1 Q. And that 10 million was not in the agreement that Weil,
2 Gotshal had negotiated on behalf of HSG Sports Group, was it?

3 A. It was not the part of the January 23rd agreement, no.

4 Q. And that was on that sale on behalf of HSG Sports Group,
5 right?

6 A. Not entirely. In fact, it was primarily an asset - it was
7 primarily an agreement with TRBP. The a- - the - the assets that
8 were being transferred by HSG in the original agreement are
9 minuscule in value compared to the total consideration.

10 Q. Well, you - you would characterize the Fox Network agreement
11 as minimal in value?

12 MR. PERSONS: Objection, Your Honor, to relevance of
13 this question.

14 THE COURT: Ms. Lambert?

15 MS. LAMBERT: Your Honor, the relevance of this question
16 is whether the television network agreement, which is with Hicks
17 Sporting Group is a material asset.

18 THE COURT: You can answer.

19 THE WITNESS: Well, what - what -

20 BY MS. LAMBERT:

21 Q. The Fox Network agreement with Hicks Sporting Group, -

22 A. It -

23 Q. - was that valued?

24 A. It - the - the asset that you were talking about, which is
25 with HS- - I believe the agreement you're talking about - since

Sosland - Cross/Lambert

36

1 I'm not looking at the agreement, but if - if you're talking about
2 the agreement that I'm - the media agreement I'm aware of between
3 HSG and - and - and Fox is an agreement that's - for accounting
4 purposes is on - is on the books of each of the Dallas Stars and
5 the Texas Rangers.

6 Q. And was -

7 A. - and it was accounted for and is treated as - is treated as
8 an asset of TRBP. It's also an agreement -

9 Q. Now -

10 A. - that HSG can't perform without owning - without owning TRBP.
11 So from the perspective of TRBP, it was at all time - and from the
12 perspective of HSG, the portion of that agreement that relates to
13 the broadcast rights of the Texas Rangers is the property of TRBP.
14 And HSG, although it executed the agreement, had - had no - no
15 interest in it other than as the ultimate owner of TRBP.

16 Q. My question was: Is the Fox Network's agreement with HSG?

17 THE COURT: Do I understand, Mr. Sosland, that what
18 you're saying is, in effect, the beneficial interest in that
19 agreement belongs to the Baseball Partners, and the fact that the
20 legal party to the agreement was HSG is not relevant to its value?

21 THE WITNESS: Yes, Your Honor.

22 THE COURT: Okay. Go ahead.

23 BY MS. LAMBERT:

24 Q. The agreement was with HSG, right?

25 A. There - there is an agreement with HS- - actually, I don't

1 know, because I – I don't know who the actual parties to the
2 agreement are without looking at it.

3 Q. Okay. So you just didn't review the APA in connection with
4 the May 23rd transfers?

5 A. Did I personally?

6 Q. Yes.

7 A. No.

8 Q. Did you have Perella Financial Advisers advise the debtor in
9 connection with the May 23rd transactions?

10 A. Did I personally?

11 Q. Did somebody at Weil, –

12 A. I don't know.

13 Q. – involve Perella?

14 You just have no knowledge of whether the financial
15 advisors were involved?

16 A. To my knowledge, they were not.

17 Q. So it just wasn't material what the value of assets being
18 transferred from HSG to the Texas Rangers Baseball Partners was?

19 MR. PERSONS: Objection, Your Honor, relevance.

20 THE WITNESS: It's – it's not material in the context of
21 the transaction. It's not material in the treatment of the
22 lenders.

23 BY MS. LAMBERT:

24 Q. You didn't tell lenders liens might attach to assets that were
25 transferred from HSG to the debtor?

Sosland - Cross/Lambert

38

1 A. If the – the – the point is that – the lenders are paying a
2 fixed amount for a bundle of assets. Every entity around TRBP
3 other than TRB itself – TRBP itself, has guaranteed the debt of –
4 the debt be approximately \$525-million HSG debt.

5 Because TRBP is solvent, regardless what entity – after
6 the \$75 million is paid, any other HSG-related entity that retains
7 the proceeds, including TRBP, is – is going to go to the lenders,
8 even by virtue of an equity distribution against which the lenders
9 have a lien, or by virtue of the payment to another entity –

10 Q. And –

11 A. – that – that result – that –

12 Q. You've got me to an area that I'm interested in. Okay.

13 So you would agree with me that TRBP is solvent?

14 A. Yes.

15 Q. And you put a solvent entity in bankruptcy, right?

16 A. Yes, not for the first time.

17 Q. And you would agree with me that Hicks Sporting Group owes 525
18 million to the lenders, approximately?

19 A. Approximate, yes.

20 Q. And Hicks Sporting Group owns the equity in the Rangers
21 Baseball Partners, the parent of the debtor, right?

22 A. Indirectly, yes.

23 Q. And then they own the Texas Rangers Baseball Partners, right?

24 A. Indirectly, HSG owns the Texas Rangers Baseball Partners.

25 Q. And you're aware that there is a dispute about the equity

Sosland - Cross/Lambert

39

1 ownership – or the equities voting on the plan, right?

2 A. I'm aware that the lenders dispute the general partner's
3 ability to vote on the plan.

4 Q. And you would agree with me that, if they lose that, they have
5 more incentive to raise their fraudulent transfer claims, right?

6 A. No, I disagree with you.

7 Q. Okay. Now on behalf of Hicks Sporting Group, which you had a
8 duty of loyalty to, right, –

9 A. Yes.

10 Q. – did you consider that you were subjecting them to fraudulent
11 transfer claims when transferring assets to the Texas Rangers?

12 A. No – well, we considered whether or not there was any – what
13 the value of the – of the assets were –

14 Q. But you just told me –

15 A. – to HSG.

16 Q. – that you didn't involve the Perella –

17 THE COURT: Okay. I told you before, when he's talking,
18 you don't. When she's talking, you don't. Okay? Now I don't
19 want it to happen again. I mean it.

20 BY MS. LAMBERT:

21 Q. But you didn't have Perella involved in the financial analysis
22 of what was transferred, did you?

23 A. No.

24 MR. PERSONS: Your Honor, I'm going to reurge my
25 objection. To the extent that there were fraudulent transfers, I

Sosland - Cross/Lambert

40

1 think that's perfect – alleged fraudulent transfers, that's
2 relevant.

3 The specifics of the – of the transfers, I think, is
4 going beyond today's hearing. And it puts counsel in a – in a
5 situation that shouldn't be in representing the estate.

6 BY MS. LAMBERT:

7 Q. Did you consider that the transactions would result in a
8 substantive consolidation of the entities?

9 A. We considered the factor – we – what we considered was what I
10 previously testified to, which was where – was where the assets –
11 what – who was the beneficial owner of the right associated with
12 the contracts being transferred; who, in the ordinary course of
13 the business operations of the entities that were in the HSG
14 chain, including the debtor, received the benefit of the income
15 associated with the contracts?

16 What – where, for accounting purposes, the value of
17 those agreements were kept on the books of which entity? I mean
18 you looked at all those – and you looked at all of those factors
19 that suggested that, notwithstanding the fact that the contracts
20 were in the name of HSG, that the benefits associated with the
21 broadcast or the sponsorship agreements that were transferred were
22 all – all lay with the ballclub, to the extent they related to the
23 Rangers, because the broadcast agreement involves the Stars, as
24 well. And then the situation where it involves the Stars, it's
25 the Stars that are the beneficiaries.

Sosland - Cross/Lambert

41

1 Q. Did you consider the tort liability that the debtor, TRBP,
2 might be exposed to?

3 MR. PERSONS: Objection, Your Honor. It calls for
4 potentially privileged information.

5 THE COURT: Any comment?

6 MS. LAMBERT: Your Honor, in the context of the
7 bankruptcy case, the debtor's counsel owed a duty of loyalty to
8 the creditors and should have been evaluating that in the context
9 of preparing the bankruptcy case.

10 THE COURT: Mr. Persons?

11 MR. PERSONS: Your Honor, I've disagreed that perhaps we
12 should have been contemplating this issue. That doesn't defeat
13 the privilege issue involved here.

14 THE COURT: Well, I'm inclined to agree at this point.
15 Before you were asking him questions. That's not the first
16 question that ran to privilege issues. But now you're asking
17 about his relationship with his client in this case, TRBP. So I'm
18 going to sustain the objection.

19 MR. PERSONS: Thank you, Your Honor.

20 BY MS. LAMBERT:

21 Q. Did you consider the effect of the transactions on Hicks
22 Sporting Group?

23 MR. PERSONS: Objection, Your Honor. I renew my
24 objection to potentially privileged information.

25 MS. LAMBERT: Well, the thing is that the privilege

Sosland - Cross/Lambert

42

1 applies on both sides. When you're analyzing it on behalf of the
2 Texas Rangers Baseball Partners and when you're on -

3 THE COURT: Let me - let me interrupt you. Is it - am I
4 correct that it is the position on the debtor with respect to
5 these transfers that when the asset - and I have not looked at the
6 Asset Purchase Agreements, and I don't understand, and I'm not
7 saying that I'm finding this as a fact - but as I understand it,
8 it's your position that before the restatement of the Asset
9 Purchase Agreement, the assets were being purchased from a series
10 of parties.

11 And after the restated Asset Purchase Agreement, all the
12 assets were in the Texas Rangers Baseball Partners and all of the
13 assets were being purchased for the same price from TRBP; is that
14 a correct statement?

15 THE WITNESS: That's a correct statement, Your Honor.

16 THE COURT: And the consideration to TRBP was raised to
17 - as opposed to going to other entities - was raised to account
18 for that which was coming into TRBP and which would then be going
19 out through an upstreaming by equity interests; is that correct?

20 THE WITNESS: Well, Your Honor, where that was
21 appropriate. For example, the Centerfield Office Building, which
22 is part of the Ballpark, and which was -

23 THE COURT: Yes, I understand that one, if it was
24 transferred into TRBP, the value is going to go someplace else
25 other than upstream; is that correct?

Sosland - Cross/Lambert

43

1 THE WITNESS: Well, the - the point -

2 THE COURT: Don't interrupt me, either.

3 THE WITNESS: I'm sorry, Your Honor.

4 THE COURT: Go ahead.

5 THE WITNESS: The point I wanted to make, Your Honor, is
6 that because there was value attributable to that asset, it was
7 attributable to another entity under the purchase agreement.

8 THE COURT: Yes.

9 THE WITNESS: There was a note executed for the value
10 that was assigned to that asset, so that there is - there was a
11 new \$15-million note payable from TRBP to Emerald Diamond upon
12 closing, because the original transaction contemplated \$15 million
13 of value going to Emerald Diamond for - for that asset, which was
14 on the - for value purposes - was on the books of that entity.

15 THE COURT: Okay. But they -

16 THE WITNESS: If there was no - I'm sorry.

17 THE COURT: Basically it's your position that what's
18 happened here is the assets and the money moved from the left
19 pocket to the right pocket, but it goes to the same party
20 ultimately that it would have gone to before?

21 THE WITNESS: That's correct, Your Honor.

22 THE COURT: All right.

23 THE WITNESS: And what - some of these assets about
24 which I've been asked questions from the stand, Your Honor, the -
25 there was never any value going to the entity that was executed -

Sosland - Cross/Lambert

44

1 that - for example, on the lease in the hands of the subsidiary,
2 there wasn't any value going to that entity under the original
3 Asset Purchase Agreement, because there's no net value associated
4 with that lease, given that all of the benefits are with the
5 Rangers as a ballclub and all of the - and all of the burdens of
6 that lease were performed by - whether they were economic or
7 otherwise, maintenance, employee, et cetera, were performed by
8 that entity -

9 THE COURT: So you're saying under the original
10 transaction there would have been no value running to the
11 transferor, but the asset involved still would have been acquired
12 by the same transferee?

13 THE WITNESS: That's correct, Your Honor.

14 THE COURT: All right.

15 Go ahead, Ms. Lambert.

16 BY MS. LAMBERT:

17 Q. Now the lenders didn't know what TRBP had on its books, did
18 they?

19 MR. PERSONS: Objection, Your Honor. Calls for
20 speculation. Mr. Sosland would know what the lenders were
21 thinking.

22 THE COURT: Ms. Lambert, any comment?

23 MS. LAMBERT: He can say if he doesn't know. The
24 lenders were involved in due diligence. They represented TRBP and
25 HSG. I imagine that he would know.

Sosland - Cross/Lambert

45

1 THE COURT: If you know something, go ahead and answer.

2 THE WITNESS: I don't know.

3 BY MS. LAMBERT:

4 Q. Typically it's not in the interests of the client to pay a
5 guaranty that somebody else is obligated on, is it?

6 A. Typically an entity that guaran- - that actually keeps a
7 guaranty believes that there's a business reason to do so.

8 Q. Yes, but that was not my question.

9 My question is: Typically it's not the guaranty's
10 [sic] preference to pay to guaranty, is it?

11 A. I don't know.

12 Q. In this case it was the Texas Rangers Baseball Partners
13 group's preference to pay 75 million, right, under the guaranty?

14 A. I'm not sure I understand the question.

15 Q. It was Weil, Gotshal's advice to TRBP to pay the \$75 million
16 guaranty?

17 MR. PERSONS: Objection. Again, calls for privileged
18 conversation.

19 MS. LAMBERT: It's another public record at this point.

20 BY MS. LAMBERT:

21 Q. You did -

22 THE COURT: And I'm going to overrule. You can answer
23 that.

24 THE WITNESS: In what - I don't understand the context
25 of the question. I -

1 BY MS. LAMBERT:

2 Q. Weil, Gotshal advised TRBP to pay the \$75 million guaranty,
3 didn't it?

4 A. I still don't understand the context of the question. Are you
5 asking me about the Chapter 11 plan, or something else?

6 Q. In connection with this bankruptcy filing.

7 A. I - I still - I don't want to be difficult.

8 We advised the client in connection with a Chapter 11
9 plan that's been filed that provides that upon the consummation,
10 assuming the plan is confirmed, the sale that it provides for is
11 contemplated that a \$75-million guaranty would be paid.

12 Did we advise the client in connection with that?

13 Yes. There's no other payment contemplated.

14 Q. Which client did you advise, Hicks Sporting -

15 A. Texas Rangers Baseball Partners.

16 Q. But you were also representing Hicks Sporting Group?

17 A. Not in connection with the plan of organization.

18 Q. It was to Hicks Sporting Group's advantage not to pay the \$525
19 million directly, wasn't it?

20 A. I'm not sure that I understand that question. I would - nor
21 did I necessarily agree with it. It would be the Hicks Sporting
22 Group's - it would be to HSG's benefit if it had the money to pay
23 its obligations and maintain ownership of its assets.

24 Unfortunately, it doesn't.

25 Q. By transferring the assets to the debtor, HSG Sports

1 maintained control of the sale process through the equity, didn't
2 it?

3 A. That transfer has nothing to do with maintaining control of
4 the sales process.

5 Q. Nothing at all to do with that?

6 A. No.

7 Q. And you stated that Mr. Hicks was a significant client of the
8 firm?

9 A. Yes.

10 Q. And that's through his entities and through himself
11 individually, right?

12 A. Yes.

13 Q. You've not put the Hicks Sporting Group engagement letter into
14 evidence, right?

15 A. That's correct.

16 Q. You don't know who was a party to it?

17 A. Not off the top of my head, no.

18 Q. It's important to know who your client is, isn't it?

19 A. I know they're my client. I'm - Ms. Lambert, I know a lot of
20 people who are our firm's clients, and I haven't seen their
21 engagement letters.

22 Q. But you don't know whether the engagement was with Hicks
23 Sporting Group, right?

24 A. I don't know, but I believe there is an engagement with Hicks
25 Sporting Group. And that's what's pro- - that's what we say in

Sosland - Cross/Lambert

48

1 our – what I said in my declaration.

2 Q. And you don't know whether TRBP was a party to that engagement
3 letter?

4 A. That – again, I had – at what point in time?

5 Q. In May of 2009.

6 A. I do not know whether in May – I'd have to go back and look at
7 dates. TRBP was a client before the execution of an engagement
8 letter in connection with the preparation of the Chapter 11 case,
9 but I don't know what the date was.

10 Q. And you just have no knowledge of when that representation
11 started?

12 A. Not precisely, no.

13 Q. And no one was involved in the financial analysis of how the
14 transfers would affect Hicks Sporting Group or the debtor, right?

15 MR. PERSONS: Your Honor, I'm going to reurge my
16 objection again. I think we've been very lenient with respect to
17 this line of testimony.

18 THE COURT: I think you've covered that ground about
19 three times now, Ms. Lambert.

20 MS. LAMBERT: Well, I'm trying to establish if there was
21 a –

22 THE COURT: Don't interrupt me. Move along.

23 BY MS. LAMBERT:

24 Q. The debtor has filed briefings signed by Weil, Gotshal
25 supporting the transfers, right, the May 20, '10 transfers?

1 A. Actually I don't know whether we have or not. That's...

2 Q. In connection with the disclosure statement, did you review
3 the briefing and advocate in favor of it?

4 A. I don't know - are you talking the brief that we filed in
5 connection with Tuesday's hearing?

6 Q. Yes.

7 A. Yes.

8 Q. And that briefing also supported the January APA that had been
9 entered on behalf of Hicks Sporting Group, right?

10 A. The - I don't believe the January APA - I don't - I don't
11 understand the question.

12 I - I read every word of the brief that was filed in
13 this Court and support every word that's in it. Whether it does
14 what you just state, I'm not sure.

15 Q. And Weil, Gotshal just doesn't think it's relevant if Glenn
16 West has to become a fact witness in this case?

17 A. Weil, Gotshal believes that the case law says that if we
18 provide testimony that's not adverse to the client's interest that
19 that's not a disqualifying factor.

20 Q. Mr. Glenn West's emails suggested that there was a
21 modification of the Greenberg agreement, didn't they?

22 A. I think that that's a mischaracterization of the emails.

23 Q. That's the characterization that the ad hoc lenders have,
24 isn't it?

25 A. No. What agreement are you - are you referring to?

Sosland - Cross/Lambert

50

1 Q. The Greenberg modification emails from December of 2009.

2 A. Well, I'm - I'm sorry. My - my question was so - but I
3 understand -

4 THE COURT: Okay, okay.

5 THE WITNESS: - your question.

6 THE COURT: Look, wait a minute. If I understand Ms.
7 Lambert correctly, I have looked at those emails, though at this
8 point there is no basis on which I consider them relevant to
9 anything that I have under decision. Whether they are relevant at
10 the moment, we'll see.

11 It is my recollection, which I share with Ms. Lambert,
12 that in those L- - and those emails, Mr. West indicated that Mr.
13 Greenberg had made certain representations to, I believe, a
14 representative of Perella. It may have been one of the other
15 financial advisers.

16 It is my recollection that the emails further stated -
17 they were sent by Mr. West to the lenders. And it is my
18 recollection that the emails stated that the Asset Purchase
19 Agreement or the deal that was cut in December of - and December
20 15th, the basis on which the debtor said Greenberg Ryan is the
21 winning bidder, that the basis on which that decision was made
22 included the emails that - or included the representation that Mr.
23 Greenberg had purportedly made to the financial advisor.

24 Mr. Greenberg, after they were declared to be the
25 winning bidder, denied that he made those representations.

Sosland - Cross/Lambert

51

1 Am I accurate in my statement, Ms. Lambert?

2 MS. LAMBERT: Yes.

3 THE COURT: All right. Now what she's asking you is -
4 well, go ahead and ask from there. Those are the emails we are
5 talking about. We're not saying there are any emails to or from
6 Hank Greenberg. Okay? We're just talking about those emails.

7 THE WITNESS: May I ask on my confusion, Your Honor, or
8 -

9 THE COURT: Why not?

10 THE WITNESS: Ms. Lambert keeps asking whether the
11 emails are about the modification of the January 23rd agreement.

12 Temporarily - Your Honor's correct. They're about the
13 modifica- - they are about what transpired between December 15th
14 and the date of those emails, but they're not about the January
15 23rd agreement.

16 THE COURT: I understand that. And - but effectively
17 you were told, as I understand it, by the Office of the
18 Commissioner following the December 15th decision that Express was
19 the winning bidder, that you should proceed to negotiate a sale
20 agreement with Express.

21 And, as I recall, Mr. West's emails were directed to the
22 lender asking for the lender's assistance in persuading,
23 presumably, Mr. Greenberg to live up to what he said he didn't say
24 or to reopen the bidding.

25 Is that roughly accurate?

Sosland - Cross/Lambert

52

1 THE WITNESS: That's close enough, Your Honor.

2 THE COURT: All right. Okay. Now go ahead and ask, but
3 I do understand what Mr. Sosland is correct, Mr. Greenberg did not
4 offer to modify an Asset Purchase Agreement because there wasn't
5 one. It was the closing of the bidding that we are referring to
6 here, which I grant you effectively fixed in stone what the Asset
7 Purchase Agreement would say.

8 THE WITNESS: Your Honor, actually that part I disagree
9 with.

10 THE COURT: All right. Well, it didn't fix it in stone,
11 but it certainly – it let us say that the dispute here is were
12 there representations made that caused you to agree to something
13 that it turned out later was not what you thought you were
14 agreeing to.

15 Go ahead, Ms. Lambert.

16 BY MS. LAMBERT:

17 Q. Does – the Judge's question, that's my question. Was there a
18 dispute about what was agreed to as a result of Glenn West's
19 email?

20 A. There were disputes. And – and following that email there
21 were further negotiations between the debtor and – and the
22 Greenberg-Ryan Group. And in fact –

23 THE COURT: Yes, I forgot –

24 THE WITNESS: And in fact value –

25 THE COURT: – forgot. I beg your pardon. You had a \$10

1 million increase in price as I recall.

2 THE WITNESS: I'm not sure whether it's 10, or actually
3 more than 10,-, but the value - values came up at various points
4 in time.

5 BY MS. LAMBERT:

6 Q. And Weil could be called to testify at confirmation about why
7 modifications were made to the APA right before the bankruptcy
8 case, right?

9 A. I'm not sure that that's correct. There -

10 Q. You just have no knowledge of that?

11 A. No, it's because the case law in calling attorneys as
12 witnesses are that if there is a party other than the attorney
13 that can provide the same information, you call the principal and
14 not the attorney.

15 Q. In the context of the Glenn - Glenn West emails, Weil is the
16 only party that can have a representation?

17 A. I disagree with that.

18 Q. The emails are from him only, right?

19 A. An email from Mr. West is by definition from Mr. West, yes.

20 Q. And Weil would disagree with the assertion that the motivation
21 for the plan is for Hicks Sporting Group to maintain control over
22 the voting process?

23 A. The motivation for the plan is to get a deal closed that
24 wasn't going to close otherwise.

25 Q. And that deal is the deal with Greenberg, right?

Sosland - Cross/Simon

54

1 A. Yes.

2 MS. LAMBERT: Pass the witness.

3 THE COURT: Anyone else? Mr. Person, you want to
4 cross-examine -

5 MR. PERSONS: No questions, Your Honor.

6 THE COURT: Well, wait a minute. I saw Mr. Simon stand
7 up.

8 Did you have questions?

9 MR. SIMON: I do, Your Honor, but if Mr. Persons wants
10 to go first.

11 THE COURT: Well, you go ahead first. Let's let the
12 debtor go last.

13 MS. O'NEIL: We may have questions too, so -

14 THE COURT: All right. After Mr. Simon.

15 CROSS-EXAMINATION

16 BY MR. SIMON:

17 Q. Good afternoon, Mr. Sosland. How are you?

18 A. Fine.

19 Q. Mr. Sosland, I'm Robert Simon. I represent Rangers Baseball
20 Express which sometimes has been called the Greenberg-Ryan Group.

21 Mr. Sosland, the January APA terminated, did it not?

22 A. The January APA was terminated in May of 2010, correct.

23 Q. And was a new APA negotiated?

24 A. Yes.

25 Q. And who represented the Greenberg-Ryan Group or Rangers

Sosland - Cross/Simon

55

1 Baseball Express in the negotiation of the May APA?

2 A. The Foley Lardner firm.

3 Q. And were those negotiations arm's-length negotiations?

4 A. Yes.

5 Q. Between adverse parties?

6 MS. LAMBERT: Your Honor, objection. This witness is
7 aligned with MLB and therefore I would ask that he not ask
8 close-ended questions but ask open-ended questions.

9 THE COURT: That's fair enough. No more leading, Mr.
10 Simon.

11 BY MR. SIMON:

12 Q. Were the – were the negotiations between parties who had
13 adverse economic interests?

14 A. Yes.

15 Q. And from your experience observing did the parties behave as
16 though they had adverse economic interest?

17 A. Yes.

18 Q. Despite their adverse economic interest do they appear to
19 attempt to reach agreements by negotiating?

20 A. Yes.

21 Q. And was an agreement eventually reached?

22 A. Yes.

23 Q. Okay. Now did you hear Ms. Lambert talk about a \$10 million
24 termination fee as part of the May APA?

25 A. Yes.

1 Q. Who insisted on that \$10 million termination fee?

2 A. I don't remember, but it wasn't my client. I believe it was
3 your client.

4 Q. Right. And was that part of the negotiation between adverse
5 parties?

6 A. Yes.

7 Q. Was that something that your client just willingly gave up?

8 A. It would have been preferred that it not exist.

9 MR. SIMON: Pass the witness, Your Honor.

10 THE COURT: Okay. Let's start with the lenders and let
11 Mr. Person finish up. I figure you just as soon as not ask too
12 many - all right.

13 Mr. Fine after Mr. Stewart.

14 MR. FINE: Thank you, Judge.

15 THE COURT: Or Ms. O'Neil. Let's all questions. We
16 could be here until Saturday.

17 THE WITNESS: I know.

18 THE COURT: Go ahead.

19 MR. STEWART: Your Honor, I wasn't intending to examine
20 Mr. - Mr. Sosland and I apologize for having to do so in terms of
21 clarifying one or two things you may have said. I do intend to
22 argue, Your Honor, but I wasn't intending to call Mr. Sosland.

23 CROSS-EXAMINATION

24 BY MR. STEWART:

25 Q. But let me ask you: You're familiar with the APA that is

1 before the Court?

2 A. Generally, yes.

3 Q. And, similarly, are you generally familiar with the APA that
4 existed immediately prior to the APA before the Court being
5 executed?

6 A. Less so.

7 Q. Do you have an understanding about how the new APA, the one
8 executed several days before filing, changed the economics of the
9 transaction?

10 A. In certain respects.

11 Q. Well, would you agree with me that there were other than
12 merely neutral economic modifications?

13 A. Yes.

14 Q. So it's not as simple as saying the modifications constituted
15 money or assets going into one pocket and coming out the other on
16 a neutral basis?

17 A. It's not completely clear because there were negotiations in
18 both directions.

19 Q. Okay. But, for example, you're familiar with the transaction
20 that we refer to and I think the debtor refers to as the airplane
21 lease transaction?

22 A. Unfortunately I'm not so - I've heard about it, but I was not
23 involved in those negotiations, so I don't know that -

24 Q. Have you gained an understanding as to the economics of that
25 transaction to this debtor and to the return to creditors?

Sosland - Cross/Stewart

58

1 A. Not really. I apologize for that.

2 Q. So you have – you have no idea –

3 A. I can't – I can't really speak to the airplane –

4 Q. Okay.

5 A. – lease transaction.

6 Q. Are you familiar with the break-up fee that has been entered
7 into, I think that Mr. Simon was just asking you about?

8 A. That I am familiar with.

9 Q. And that's a \$10 million overbid or break up protection?

10 A. It's a \$10 million fee payable under certain circumstances,
11 yes. Like not –

12 Q. Circumstances being?

13 A. If we sell to someone else that would be payable.

14 Q. And that \$10 million obligation was not in the APA that
15 preceded the new or modified May 23rd APA?

16 A. No, it was not.

17 Q. Similarly, have the certain financial advisory fees that
18 previously were to be paid by Hicks Sports Group, HSG, at the – to
19 the tune of \$18 million shifted to a direct obligation of the
20 Chapter 11 debtor at a somewhat lesser but – amount?

21 A. I believe what you stated is accurate.

22 Q. In addition have indemnifications been undertaken in the new
23 Asset Purchase Agreement that did not previously exist?

24 A. I don't know.

25 Q. You just don't know?

1 A. Correct.

2 Q. Do you have an understanding as to whether the escrow
3 provisions of the new APA modified the – and increased the earlier
4 escrow provisions of the existent APA?

5 A. I don't believe they do.

6 Q. And you're familiar with the adversary proceeding on the
7 ballpark lease transfer that is the subject of the adversary
8 proceeding?

9 A. Only that it exists.

10 Q. Okay. You've not had a chance to review that then at this
11 time?

12 A. No.

13 MR. STEWART: I'll save the rest of my comments, Your
14 Honor, to argument.

15 THE COURT: All right. Ms. O'Neil.

16 CROSS-EXAMINATION

17 BY MS. O'NEIL:

18 Q. Mr. Sosland, Holly O'Neil on behalf of the second lien agent.
19 I just have a couple of follow-up questions.

20 You in reply to a question that Ms. Lambert asked you on
21 – with regards to the eve of filing transfers – I'll just call
22 them generally – I think you made a comment and I wanted you to
23 clarify that you represented both sides in certain of the eve of
24 filing transfers. And maybe I misunderstood you, but if you did
25 say that I was wondering if you could elaborate on that?

Sosland - Cross/O'Neil

60

1 A. The — the assets were being sold by HSG and affiliates,
2 primarily — almost all the assets by TRBP or — under the original
3 transaction, but certain assets, as we've stated, for example
4 sponsorship agreements and media were — were — were under — the
5 January agreement would have had to have been assigned by HSG
6 because they were in HSG's name even though beneficial ownership
7 and ability to perform was in the Rangers. We represented all of
8 the sellers under the original APA and we were involved in
9 documenting the transfers of those entities from wherever they
10 were into HSG. To my knowledge, no — I'm sorry — into TRBP,
11 whether it was from HSG, from the subsidiary, or from Emerald
12 Diamond, we were similarly involved in the execution of the note
13 from — from TRBP to Emerald Diamond. To my knowledge, we were the
14 only firm involved.

15 Q. Okay. Thank you.

16 And just so to follow up on a question that Mr. Stewart
17 was asking you with regards to, I believe it's called the charter
18 services agreement, just as an example, and that is an agreement
19 that was entered into between HSG and TRBP on the eve of filing.
20 Is it — am I accurate to conclude that it's your testimony that
21 Weil, Gotshal represented both HSG and TRBP in — in documenting
22 that transaction?

23 A. Actually I don't know because I'm not — I'm not really
24 familiar with the — with that air charter agreement that Mr.
25 Stewart asked me about. The transfers of the other assets we

Sosland - Cross/O'Neil

61

1 discussed, I am familiar with.

2 Q. Okay. I think your testimony was that to your knowledge there
3 was not another law firm that was representing HSG during this
4 time period; is that correct?

5 A. That actually wasn't my testimony –

6 Q. Okay. I apologize.

7 A. There – there are other firms that represent HSG. In
8 connection with the asset purchase agreement, we were the firm
9 that was representing HSG.

10 Q. Okay. Are you familiar with – with the transfer of the
11 ballpark lease from Rangers Ballpark, LLC to TRBP that occurred, I
12 believe, on May 22nd or May 23rd of 2010?

13 A. I am – I'm generally familiar with it.

14 Q. So with regards to that particular transaction who was
15 representing Rangers Ballpark, LLC in that transaction?

16 A. We were representing TRBP and its subsidiary, so we probably
17 documented the transfer – I don't know that for a fact, but I'm
18 not aware that anyone else did.

19 Q. Okay. Let me ask you one follow-up question. Mr. Stewart was
20 asking you a couple of questions about comparing the – we've all
21 called it the January APA to the – to the May APA with Rangers
22 Ballpark Express – Rangers Baseball Express. Excuse me. Was it
23 your testimony that the – that there was no – to your knowledge,
24 that there was no change in the consideration, no significant
25 change in consideration from – that was – as being provided to

Sosland - Cross/O'Neil

62

1 TRBP or the subsidiaries when you compare the January APA to the
2 May APA?

3 A. The - I'm sorry. You're asking whether there's any difference
4 in the cons- - in the total consideration being paid?

5 Q. Yes. You - Your Honor made the comment about that sort of in
6 the aggregate it was taking money out of one pocket and putting it
7 into the other, but he effectively - if I understood the Court's
8 example, that it was somewhat of a wash. Those are my words. But
9 in the totality when you look at the HSG and -

10 A. I'm - I'm aware of - of two provisions that relate to the cash
11 - cash consideration being paid -

12 Q. Okay. That - that are -

13 A. - that were adjusted.

14 Q. I'm sorry. That are different, is that what you're saying?
15 That change from January to the May APA?

16 A. Right. One is an adjustment and one is a quantification of a
17 provision - of a provision that it replaced.

18 Q. Okay. And is it - do you have an - does - is it the debtor's
19 view that those - that was an improvement or a decline in the
20 overall aggregate consideration?

21 A. The - with respect to one of the provisions which was - with
22 one of them, it's somewhere between a wash or an improvement
23 depending on how long it takes to get to closing. And with regard
24 to the other - and as we continue to proceed, it's an improvement.

25 And with regard to the other - the other one, it would

Sosland - Cross/O'Neil

63

1 be a decline. And whether or not they wash or how it comes out at
2 the end would depend upon an accounting at the end of the case.

3 Q. Okay. Thank you. I understand that.

4 And I have one follow-up. I apologize. In conjunction
5 with the neg- -- let me ask you this. Would you agree that in the
6 current APA with Rangers Baseball Express that there are certain
7 portions of that agreement that inure to the benefit of Mr. Hicks
8 personally?

9 A. I'm not sure that I know what you're talking about. If you
10 got a specific provision, I can answer your question --

11 Q. I'll just give you one. Is he pursuant to the APA going to be
12 named chairman emeritus of the buyer?

13 A. Well, I think there's a side order. That, yes, pursuant to a
14 side order he would have the title of chairman emeritus -- or -- or,
15 yeah, I think that's -- whatever the title -- there is a title
16 provided for in a side order --

17 Q. Okay. And he is going to retain or obtain various perks,
18 including a suite at the ballpark and some other -- some other --

19 A. There are provisions regarding a suite that he retains for
20 some period of time and then can have that location at the present
21 -- at whatever the then-existing market value is after that.

22 Q. Okay. And who was -- who was representing Mr. Hicks in
23 conjunction with negotiations with Rangers Baseball Express?

24 A. Well, with regard to that side order, it's my understanding
25 that Mr. Hicks and Mr. Greenberg just reached that agreement

Sosland - Cross/O'Neil

64

1 directly between the two of them and that nobody really - I'm not
2 sure that any of them had outside counsel in connection with the
3 side order other than perhaps somebody reviewing it when it was
4 documented.

5 Q. Okay. But for any provisions that are in the APA with regards
6 to Mr. Hicks personally, were there some indemnity-related, et
7 cetera provisions. And I don't want to go into all that right
8 now. Is - do you know whether Weil, Gotshal was representing Mr.
9 Hicks in conjunction with any of those negotiations with Rangers
10 Baseball Express, LLC that proposed buyer under the debtor's plan?

11 A. I don't know.

12 MS. O'NEIL: Thank you.

13 THE COURT: Okay. Mr. Fine.

14 MR. FINE: Your Honor, Ms. O'Neil just asked the
15 question that I was going to ask.

16 THE COURT: All right. All right then, Mr. Persons.
17 I'm looking forward to you really putting a witness on the spot.

18 (Laughter.)

19 MS. LAMBERT: Your Honor, as a housekeeping matter, I'm
20 not exactly sure where we are in the evidence, but I wanted to
21 make sure our exhibits were admitted for -

22 THE COURT: All right. I think they're all matters of
23 record in the Court already, but I'll admit 1 through 3 of the
24 U.S. Trustee.

25 (U.S. Trustee's Exhibits 1, 2, and 3 received in evidence.)

Sosland - Cross/Persons

65

1 THE COURT: Go ahead.

2 MR. PERSONS: Your Honor, Charles Persons on behalf of
3 Weil, Gotshal and Manges and the debtors.

4 CROSS-EXAMINATION

5 BY MR. PERSONS:

6 Q. Mr. Sosland, I just wanted to ask a few questions. Have you
7 heard arguments over the course of this case that the debtor has
8 failed to maximize the value that it could receive in terms of a
9 price for the team?

10 A. I've heard that argument.

11 Q. And what entity would receive the direct benefit of any
12 hypothetical increase in price?

13 A. It would be the two general partners of the debtor directly.

14 Q. Does Weil, Gotshal and Manges represent HSG sports group in
15 connection with these Chapter 11 cases?

16 A. No.

17 Q. Does it represent Mr. Hicks in connection with these Chapter
18 11 cases?

19 A. No.

20 Q. Does it represent the equity partners in connection with these
21 Chapter 11 cases?

22 A. No.

23 Q. In the event of an actual conflict between the debtor and HSG,
24 whom would represent, whom would set then to as conflicts counsel?

25 A. On behalf of the debtor Forshey Prostok.

Sosland - Cross/Persons

66

1 Q. Would Weil, Gotshal and Manges in any way step in on behalf of
2 the debtor in that situation?

3 A. No.

4 MR. PERSONS: That's all I have, Your Honor.

5 THE COURT: All right. Anything else?

6 (No audible response.)

7 THE COURT: All right. You may step down, Mr. Sosland.

8 (Mr. Sosland excused as the witness.)

9 THE COURT: All right. I'm going to give the U.S.
10 Trustee and the lenders and the debtor – I am neither Rangers
11 Baseball Express nor the Creditors Committee will wish to argue;
12 am I correct, Mr. Fine?

13 MR. FINE: That's correct, Your Honor.

14 THE COURT: All right. Well, I'll give you each –

15 MR. FINE: That's correct.

16 THE COURT: I will give you each about ten minutes.
17 We'll start with – I think it's better, although this is the
18 debtor's application, I think it makes sense to start with the
19 U.S. Trustee and then the lenders and then Mr. Sosland.

20 Don't – don't

21 MR. FINE: Your Honor?

22 THE COURT: Yes.

23 MR. FINE: Could we have just a two-minute break?

24 (Laughter.)

25 THE COURT: Ms. Maben's been drinking too much coffee.

Closing Statement on behalf of the U.S. Trustee

67

1 We'll take a five-minute break.

2 THE CLERK: All rise.

3 (Recess taken from 3:07 p.m. to 3:17 p.m.)

4 THE COURT: Please be seated.

5 All right. Ms. Lambert.

6 MS. LAMBERT: May it please the Court. Your Honor, this
7 case is on a fast track. Perhaps it could have been brought here
8 earlier.

9 THE COURT: I'm sorry. Pull the microphone a little
10 closer, would you? Thank you.

11 CLOSING STATEMENT ON BEHALF OF THE U.S. TRUSTEE

12 MS. LAMBERT: Perhaps it could have been brought here
13 earlier, but it was not. Perhaps it could have come in a
14 different way, but it did not. That is not the creditors' fault.
15 It is not the United States Trustee's fault. It is Weil's burden
16 today to establish that they are qualified and disinterested and
17 have no adverse interest in this estate. They have not met that
18 burden.

19 They asked for this hearing on an expedited basis. It
20 was originally going to be later. The facts of the case leading
21 up the bankruptcy case are complex. I'm sorry I had some of the
22 factual details wrong, but I have, like many of the other parties
23 in this case, am striving to get up to speed. But some of the
24 confusion is because it was their burden to amend. They have not
25 amended.

Closing Statement on behalf of the U.S. Trustee

68

1 One of the questions that the U.S. Trustee had asked is
2 what claims the Texas Rangers have against the parent companies or
3 Hicks-related entities. That is evidence is not before the Court.

4 The bankruptcy debtor owes a fiduciary duty of loyalty
5 to the estate. And there's some dispute in the case law about
6 whether the attorneys for the debtor-in-possession have that duty
7 directly. There's Fifth Circuit case law suggesting that they do
8 and that the trustee has that duty and therefore the trustee's
9 attorneys have that duty and that would come in through Chapter 11
10 as the debtor-in-possession too. It's an interesting intellectual
11 issue, but the Court in *Mirant* correctly noted that whether you
12 are advising something in a fiduciary capacity or behaving
13 directly in a fiduciary capacity, you have the same type of
14 responsibilities as an attorney.

15 Now the evidence here today is that Weil, Gotshal
16 doesn't know precise – precisely who they represented from May of
17 2009 to present. They could have put that in evidence. I
18 anticipate that the Perella application will reflect the retention
19 letters that they have, but Weil opted not to do that. They opted
20 not to disclose it in their affidavit, they opted not to amend and
21 disclose it in their affidavit, so they just weren't sure here
22 today.

23 The testimony does reflect that they represented both
24 sides of the deal in transferring assets on the eve of the
25 bankruptcy filing. The evidence does reflect that a financial

Closing Statement on behalf of the U.S. Trustee

69

1 advisor was not involved in the financial analysis of what the net
2 effect of that was.

3 The evidence does reflect through – not for the ultimate
4 facts, but through the litigation that has been filed by the ad
5 hoc lenders that there are issues about fraudulent transfers into
6 the debtor. The evidence does reflect that there are issues about
7 whether Mr. Hicks individually benefitted; whether there was a \$10
8 million penalty or termination fee added; whether there were
9 benefits to Mr. Hicks including the box, the chairman emeritus
10 status; and whether there was a benefit of the helicopter lease,
11 all added during the three days before the bankruptcy filing.

12 The evidence reflects, and this should weigh in the
13 Court's evaluation, that Weil continues to represent Hicks
14 Sporting Group in its capacity or in its attempts to sell the
15 Dallas Stars.

16 Most importantly, the plan reflects that the structure
17 of this bankruptcy and the transfers into this bankruptcy were
18 designed so that Mr. Hicks indirectly or through the entities
19 above the debtor could control the sale of this debtor through its
20 control of the equity. But for that scenario Mr. Hicks was not in
21 control of the sale, major league baseball was having difficulties
22 with control of the sale, and that is why the APA in January
23 stalled out.

24 The litigation that is the core dispute of the plan is
25 litigation that involves a benefit to Mr. Hicks individually that

Closing Statement on behalf of the U.S. Trustee

70

1 is adverse to the Ad Hoc Lenders Group. There may be testimony of
2 Weil attorneys that is required as a result of this.

3 These issues are core. They cannot be resolved by
4 conflicts counsel. It subsumes the case. It is the case.

5 The case law reflects that in these types of factual
6 scenarios the Court should deny employment. The Weil, Gotshal
7 group is not disinterested. They have a materially-adverse
8 interest through their duty of loyalty to Hicks Sporting Group and
9 Hicks. This is not the transparency that bankruptcy requires.

10 The United States Trustee is not advocating that there
11 are never scenarios where related entities can have the same
12 counsel. The United States Trustee did not object in Pilgrim's
13 Pride, has not objected in Mirant, not objected in other cases
14 where related entities were in bankruptcy. Those entities
15 sometimes have conflicts. Conflicts counsel sometimes is
16 appropriate to resolve those conflicts. But – and those cases are
17 also off all in bankruptcy and subject to the transparency of the
18 process and the oversight of the Court and other parties. This
19 case does not involve those facts.

20 Hicks Sporting Group is not in bankruptcy. Mr. Hicks is
21 not in bankruptcy. The plan is designed to benefit them. It is
22 an integral core function of the bankruptcy process to confirm the
23 plan and conflicts counsel cannot resolve it. For these reasons,
24 the United States Trustee requests that the application be denied.

25 THE COURT: Mr. Stewart.

Closing Statement on behalf of the Ad Hoc Group

71

1 CLOSING STATEMENT ON BEHALF OF THE AD HOC GROUP

2 MR. STEWART: Thank you, Your Honor.

3 We filed, I'm sure Your Honor is aware, a position
4 statement. We did not file literally an objection. And that was
5 not to chicken out, it was not because we don't have strong
6 feelings about this case, but it was about an acknowledgement in
7 recognition of where we think we are with this case.

8 Again I represent the Ad Hoc Group of Secured Lenders,
9 First Lien Lenders, who are by far and away the largest party to
10 this – to the Hicks Sports Group and to this debtor. And we do
11 have questions, quite frankly, about the manner in which the
12 prepetition sale process was conducted and we have questions
13 regarding and issues with at the present time the several
14 transactions that occurred immediately prior to the filing.

15 That stated, our judgment is this is at this time not
16 cause to disqualify Weil, Gotshal. We think to get substitute
17 counsel up to speed is not a cost the estate should bear. We
18 believe that, based on our premise that all we are looking for is
19 a level playing field, a fair and open sale process, that all of
20 the issues of which Your Honor has heard today respecting Weil,
21 Gotshal and the background of the case are nonissues if there's an
22 open and fair sale process. Because, after all, we believe the
23 case is all about economics. And if others have the same
24 opportunity that the current plan proponent purchaser has
25 obtained, we think that level playing field will iron out all of

Closing Statement on behalf of the Ad Hoc Group

72

1 these issues and difficulties.

2 While the case is progressing rapidly we think perhaps a
3 little bit too much to accommodate a real fair and open process,
4 it nevertheless, no matter what happens with the July 9 date, is
5 on a relatively fast track. And, as Your Honor knows, we have no
6 desire to interfere whatsoever in operations. We're only talking
7 at the ownership and equity level.

8 So we do not vote at this time for disqualification of
9 Weil, Gotshal. We'll have to see how the case comes out. And
10 there's plenty of good law on quantum meruit and being paid on an
11 interim basis even if something happens in the future. We don't
12 see that needing to happen, quite frankly, if there is a process
13 that is open and fair.

14 Our only concern at this point today on that issue is -
15 is cost, because every - as I mentioned to Your Honor the other
16 day, when we were all here, every dollar that gets spent for any
17 professional on any claim comes out of our client's recovery. In
18 other words, we are paying everybody in this room and we -

19 THE COURT: Not - not quite everybody, Mr. Stewart.

20 MR. STEWART: Not quite everybody, Your Honor.

21 Everybody on this side of the bar perhaps, of the bench, that is.

22 But the point, and I know Your Honor understands it, is
23 we shutter when emails get distributed to 17 lawyers at Weil,
24 Gotshal to review a disclosure statement. We can't handle that
25 kind of freight. That's not fair, not proper, and we will take

Closing Statement on behalf of Weil, Gotshal

73

1 note of that as it relates to reasonableness. But, as I said,
2 that's because this is a case, as far as we're concerned at this
3 time, all about fair process and economics. And we're – we hold
4 Mr. Sosland and his firm in very high regard and do not believe
5 that at this time anything should be done other than to keep this
6 case on the straight and narrow.

7 Thank you, Your Honor.

8 THE COURT: Thank you, Mr. Stewart.

9 Mr. Sosland, any comments? You may if you wish.

10 CLOSING STATEMENT ON BEHALF OF WEIL, GOTSHAL

11 MR. SOSLAND: I don't have much to add to my opening
12 remarks, Your Honor. I was criticized by the UST for not
13 answering the question she – excuse me – that she did not ask me
14 when I was on the stand, which was to disclose claims that the
15 debtor TRBP has against its parents. We're not aware of any is
16 the answer to that question, Your Honor, if I had been asked on
17 the stand that question.

18 Your Honor, we don't – we don't believe that we
19 represent any interest that is adverse to this Chapter 11 estate.
20 And – and we've – now or ever. And we've made it patently clear
21 that we'll make sure that we don't in the future. And we believe
22 that under the case law, including that cited by the UST in the
23 brief, that we are not disqualified from serving.

24 You know, ironically, Your Honor, this case is about the
25 dispute among the parties with an economic interest in this – in

The Court's Ruling on the Weil, Gotshal Application

74

1 this case is about whether or not we've been favoring value to the
2 debtor to the detriment of the equity. And the complaint by the
3 UST is that we're favoring the equity to the detriment of the
4 debtor. If this is a true or false test, both cannot be true.
5 They could both be false, but they cannot both be true, Your
6 Honor. That we are not disfavoring anyone – or we're not favoring
7 anyone to the detriment of the debtor, not disfavoring the debtor
8 in any way.

9 We understand fully our fiduciary obligations to the
10 debtor and would act accordingly. And we leave that to your good
11 graces, but would ask that we be allowed to continue as counsel to
12 the debtor.

THE COURT'S RULING

13
14 THE COURT: All right. With respect to the application
15 to employ Weil, Gotshal, I am going to take it under advisement.
16 I'm going to direct that any further disclosures that Weil,
17 Gotshal feels it should be making will be made by one week from
18 today. And anything you haven't made by then, you fail to make at
19 your own peril. Okay?

20 Secondly, between now and such time as I render a
21 decision on the application, Weil, Gotshal will be employed
22 provisionally. It's my recollection that in the *Michigan General*
23 case, as the district court noted on appeal from Judge Gandhi's
24 decision, that counsel representing a debtor, even if
25 disqualified, was entitled to payment for services during the time

The Application of Weil, Gotshal & Manges

75

1 that they represented the debtor, notwithstanding a failure to
2 meet the requirements of Section 327(a). So I'm going to take it
3 under advisement.

4 You may submit an order authorizing your employment
5 pending a final decision on your application. And during the time
6 that you are employed, going back to the date of the filing of the
7 case, you will be entitled to compensation to the extent that it's
8 allowed under Section 330 of the Code.

9 To the extent that the United States Trustee or the
10 debtor or any other party wishes to file additional authorities, I
11 am going to be out of town starting a week from Monday, so I'm
12 going to request that if you have any further authorities, you
13 file them by July 6th, which is the day that I get back into town.
14 And that will give me an opportunity to look at them.

15 I recognize that this is means in all probability that
16 Weil, Gotshal will continue to represent the debtor through the
17 July 9th date. And if that date holds, sobeit. If Weil, Gotshal
18 is indeed employed, it won't matter. If they aren't, well, again
19 sobeit.

20 I would - and I don't - I am not - I do not believe in
21 interfering to a great extent in the way law firms represent their
22 clients, but Mr. Stewart's concern is a fair one. And I am
23 familiar from personal experience with the fact that one of the
24 reasons why Weil produces excellent work product is because it
25 throws a lot of lawyers at a problem. And I'm going to ask you to

The Application of Weil, Gotshal & Manges

76

1 be more cautious in this case than you have been perhaps in other
2 cases, particularly when you're digital with a solvent debtor.

3 So please, I believe on the Tuesday hearing, though you
4 are the only one argued, I think there were five or six attorneys
5 from Weil in the courtroom, and I do not expect to see tabs from
6 all of those for that hearing and I don't want to see that sort of
7 thing going forward.

8 I think Mr. Stewart made a fair point with that.

9 On the other hand, Mr. Stewart, if the lenders have five
10 lawyers in the courtroom, as they did last week, then I mean,
11 let's face it, if you're going to have a tug-of-war, you need
12 equal numbers on each end of the rope. So if you're going to have
13 three Milbank Tweed lawyers and two Vinson Elkins lawyers and
14 three lawyers from the second lien holder, I can understand why
15 the debtor might feel the need to have sufficient number to pull
16 back. So you might keep that in mind.

17 My personal opinion, frankly, is that the lawyers in
18 this neck of the woods. That is in Dallas and Fort Worth are more
19 than competent to handle anything that is going to come up in this
20 case. And I'm not quite sure why we have to have Milbank Tweed
21 and Foley Lardner and Paul Weiss involved. They turned out to be
22 more expensive and I don't think they add a lot to the mix that
23 would not be provided equally well by local attorneys who are at
24 least equal quality to those coming down from Washington and New
25 York.

The Application to Employ Forshey & Prostok

77

1 So that will be the ruling of the Court.

2 I'm going to ask you, Mr. Sosland, to prepare an order
3 to that effect. You will submit it to Mr. Stewart and Ms.
4 Lambert.

5 Mr. Fine, I'm not going to ask that it be submitted to
6 you. I don't see any need for it to be at this point.

7 All right. Let's move on then. What do you take up
8 next, Mr. Sosland, Perella or Forshey and Prostok or AlixPartners
9 or the committee's counsel?

10 MR. FINE: We'll do it at your – at your pleasure, Your
11 Honor. Maybe sticking with debtor's counsel, if we could take up
12 Forshey and Prostok at this point.

13 THE COURT: All right.

14 MR. PROSTOK: Thank you, Your Honor. Jeff Prostok,
15 proposed conflict counsel for the debtor.

16 Your Honor, we had modeled our proposed retention as
17 conflict counsel very similar to what we did in merit. We think
18 that worked well. We think we avoided duplication and we think at
19 the end of the day we saved the estate money. We think we can
20 play the same role in this case.

21 With respect to potential conflicts, I think the
22 fraudulent-transfer lawsuit that's been filed is an example.
23 We're prepared to represent the Rangers on that particular motion.
24 We'd be filing a motion to dismiss that lawsuit if our retention's
25 approved.

The Application to Employ Forshey & Prostok

78

1 We would like to alleviate any concerns that the U.S.
2 Trustee has with respect to our representations. We're here to
3 answer any questions. I'm not exactly sure what those, you know,
4 returns are. But again, we are here. And if anyone has
5 questions, we will answer them. And with that, Your Honor, we
6 would request that we be employed.

7 THE COURT: Okay. Does anyone have any comment or
8 question on the employment of Forshey and Prostok?

9 Ms. Lambert.

10 MS. LAMBERT: Forshey and Prostok is disinterested as
11 far as their disclosure. And that's what the U.S. Trustee has
12 said in the comment, and all its partners, the comments are
13 related.

14 When we contact AlixPartners and we are discussing with
15 them the preparation of the schedules and they're rolling it and
16 they don't see to know who is handling the schedules as an
17 attorney, it's disconcerting. And there needs to be some guidance
18 that the public has about who's handling which issues in these
19 cases. And that really -

20 THE COURT: Well, as far as - as far as I'm concerned
21 and until - until and unless Weil says, 'This is something where
22 we are uncomfortable proceeding and Forshey and Prostok must
23 handle it,' you can direct all inquiries to Mr. Sosland.

24 MS. LAMBERT: So there will be no designation on the
25 record about what issues Forshey and Prostok is handling?

The Court's Ruling on the Forshey & Prostok Application

79

1 THE COURT: Well, I think we have to take them as they
2 come. I mean as I understand it at this point Mr. Prostok is
3 saying that they're handling the fraudulent-transfer suit. I
4 don't see any reason why Weil, Gotshal can't handle schedules and
5 statement of affairs and oversee to the extent appropriate monthly
6 operating reports and the other administrative details that Alix
7 will be involved in.

8 To the extent that we later come in contact with issues
9 where there is a different – where we have added problems, then
10 we'll deal with them then.

11 MS. LAMBERT: All right.

12 THE COURT: Okay. Anybody else?

13 (No audible response.)

14 THE RULING OF THE COURT

15 THE COURT: All right. I'm going to approve Forshey and
16 Prostok.

17 Mr. Prostok, thank you. You are excused. You may
18 submit an order.

19 MR. PROSTOK: Thank you, Your Honor.

20 THE COURT: See, Mr. Stewart, I threw him out so that
21 you don't have to pay for him anymore.

22 MR. STEWART: I noticed that, Your Honor. Thank you.

23 THE COURT: All right. Then how about, I guess, Perella
24 next – well, how about Alix first? Do we have a problem with
25 AlixPartners still?

The Application to Employ AlixPartners

80

1 And, by the way, I do think Alix is employed under 327.
2 I mean, I'm sorry, but if we're going to call bookkeeping firms
3 professionals, I think AlixPartners would be embarrassed not to be
4 called a professional.

5 MR. SOSLAND: I understand, Your Honor.

6 THE COURT: I mean if they were doing just claims,
7 collection, and docketing, that would be something different.
8 And, by the way, my law clerks tell me that they're very grateful
9 to Alix for the job they did on handling claims in the Pilgrim's
10 Pride case.

11 MR. SOSLAND: They have - we've also been very impressed
12 with their work when they handle claims, Your Honor.

13 THE COURT: But when you're preparing schedules,
14 statement of affairs, and monthly reports, that's something
15 different. I think that there they're acting as professionals.

16 MR. SOSLAND: I understand, Your Honor, and we can
17 prepare an order to provide for that.

18 THE COURT: Okay. Ms. Lambert, any comment on Alix?

19 MS. LAMBERT: No, subject to the clarification that they
20 will not be preparing the monthly operating reports or providing
21 financial advice.

22 MS. EISELE: Ah, take -

23 MR. SOSLAND: Your Honor, we are requesting that
24 AlixPartners be involved in assisting in the preparation of
25 monthly operating reports -

The Application to Employ AlixPartners

81

1 THE COURT: But this is as to format. This is not
2 accounting, preparing accounting data; is that correct?

3 MR. SOSLAND: No. It's assisting the – right. It's
4 assisting the debtor's inhouse accounting staff –

5 MS. LAMBERT: Your Honor, –

6 MR. SOSLAND: – who have no experience preparing monthly
7 operating reports. Without – to do so – Your Honor, a
8 representative of AlixPartners even accompanied the debtor's
9 financial officers to the meeting with the analyst and the other
10 Assistant U.S. Attorney involved with this – Assistant U.S. –

11 MS. LAMBERT: U.S. Trustee.

12 MR. SOSLAND: – Trustee involved with the case. And
13 helped the debtor – helped implement the negotiation of exactly –
14 I was not there – of how those forms would be – would be filled
15 out, Your Honor.

16 THE COURT: Do you have any problem with that, Ms.
17 Lambert?

18 MS. LAMBERT: Yes, Your Honor.

19 THE COURT: Okay, what's the problem?

20 MS. LAMBERT: The U.S. Trustee has an agreement with
21 AlixPartners not to provide financial advice to the debtor. The
22 representative of AlixPartners at the initial debtor interview,
23 who apparently was charging for that, wanted to change the U.S.
24 Trustee's monthly operating report form. That was not acceptable
25 to the United States Trustee. They wanted to use a form from a

The Application to Employ AlixPartners

82

1 different area. So we want the U.S. Trustee's firm. There it is
2 an administrative function of the U.S. Trustee and we provide the
3 forms. So it is not -

4 THE COURT: I don't understand that Mr. Sosland is
5 saying that they would change the form. They - if they made that
6 argument, as I understand it, the debtor accepts that they lost
7 that argument.

8 Is that correct, Mr. Sosland? Because I'm going to make
9 you follow the U.S. Trustee's form whether you like it or not.

10 MR. SOSLAND: Your Honor, it's not - it's my
11 understanding that - as I said, I wasn't there and neither was Ms.
12 Lambert, that some agreements were reached between her colleague
13 and those parties that were there. If - so I'm at a disadvantage
14 in that I don't know all of the facts.

15 If Ms. - if Ms. Lambert -

16 THE COURT: All right. Here's - here's -

17 MR. SOSLAND: - will represent to the Court -

18 THE COURT: Here's what we're going to do. I'm going to
19 authorize AlixPartners to assist the debtor with claims and with
20 the schedules and statement of affairs at this moment. Tuesday we
21 are reconvening in connection with this case. If you and Ms.
22 Lambert are able to satisfy yourselves once you know - once you've
23 satisfied yourself as to what happened at that meeting, and you
24 are able to reach agreement on the scope of AlixPartners' work in
25 connection with monthly operating reports, that's fine.

The Application to Employ Perella Weinberg Partners

83

1 I do understand and I think Ms. Lambert – I do not
2 understand that financial advice, per se, as opposed to formatting
3 and completion of forms, such as do we depreciate the
4 Alix-Rodriguez contract at this rate of speed or at another rate
5 of speed, I do not understand that AlixPartners will do that. And
6 I do not want them doing accounting work, all right? I mean
7 except to the extent that they're assisting the debtor's personnel
8 and formatting schedules and statement of affairs, and to the
9 extent you and Ms. Lambert can agree on their role in connection
10 with monthly operating reports. All right?

11 We'll take it up then if I have to.

12 MR. SOSLAND: That's fine, Your Honor.

13 THE COURT: Okay, Ms. Lambert?

14 MS. LAMBERT: Yes, Your Honor.

15 THE COURT: Okay. Now Perella.

16 MR. STRUBECK: Good afternoon, Your Honor. Lou- -
17 again, Louis Strubeck of Fulbright Jaworski on behalf of Perella
18 Weinberg Partners.

19 I started thinking about one of the things that Mr.
20 Stewart said. I think I'm somebody who's on the other side of the
21 dias here that Mr. Stewart's clients aren't paying for.

22 THE COURT: Yeah. Judge Nelms' law clerk is in here
23 too.

24 MR. STRUBECK: At least right now, yeah.

25 THE COURT: I assume Mr. Simon is not being paid by you

The Application to Employ Perella Weinberg Partners

84

1 either. If he is, you – you definitely need to – you need to
2 congratulate him on having found a new way to get paid.

3 MR. STRUBECK: But I appreciate his point, Judge, and
4 it's not –

5 MR. STEWART: I'm not certain about all of that. I
6 haven't spoken to Mr. Simon about it, but we might take issue with
7 that as well. But as to Mr. Strubeck and the folks at Perella
8 that's certainly true and certainly with respect to officers of
9 the Court and their staffs.

10 THE COURT: We're just giving you a hard time, Mr.
11 Stewart. You know that.

12 MR. STRUBECK: And, Your Honor, having had the benefit
13 now of sitting through a couple of hours of testimony and argument
14 on the other applications, I'm hoping I'm going to be able to
15 streamline or at least focus the Court on what I believe to do
16 just a couple of very narrow issues that remain with respect to
17 the retention of Perella Weinberg.

18 And just by way of brief background, with the Court's
19 permission, the way I'd like to handle this is pretty much similar
20 to the way that Mr. Sosland, except I don't plan to take the
21 witness stand.

22 I would introduce the declarations that were filed in
23 support of the application. They're already in the record, and
24 the engagement letters are already in the record as well.

25 And then I actually have Mr. Michael Krammer who is a

The Application to Employ Perella Weinberg Partners

85

1 partner from the Perella Weinberg Partners firm that flew up today
2 just so he could testify to the extent there were any questions.

3 We've worked really hard, Judge, since Fulbright got
4 retained last Friday to try to resolve what we understood to be
5 some of the concerns the U.S. Trustee's Office had and, for that
6 matter, some of the concerns I think some of the other parties
7 had. And even before, as I understand, some additional
8 disclosures were requested by Ms. Lambert, we were in the process
9 of putting those disclosures together, and we did. And we filed a
10 supplemental declaration, Mr. Krammer did, that I believe Your
11 Honor has.

12 There were - there were three different general
13 objections, as I understand it, that the United States Trustee's
14 Office had, and then Mr. Stewart's clients filed an advisory as
15 well later today. I think we have resolved, for the most part,
16 all but one of them.

17 THE COURT: By the way, let me interrupt. My law
18 clerk's telling me, Mr. Stewart, you've improved your position
19 already. The debtor filed a new plan at 2:30 this afternoon.
20 you're getting interest now.

21 MR. STEWART: That's wonderful, Your Honor.

22 THE COURT: Yes.

23 MR. STEWART: Every little bit helps, but -

24 THE COURT: Now - now, mind you, that's interest that's
25 will not wind up going up to equity and reaching you that way.

The Application to Employ Perella Weinberg Partners

86

1 MR. STEWART: I understand that.

2 THE COURT: Go ahead.

3 MR. STEWART: And so, Judge, if I may just very briefly,
4 and then I'll let Mr. Krammer take the stand and let anybody ask
5 him questions that they think they have to ask after I get
6 finished, the issue under Section 328(a), Your Honor, I believe
7 we've resolved. We focused on that issue immediately. I've heard
8 what Your Honor's had to say in both the Mirant and the Pilgrim's
9 Pride cases.

10 And the way that we propose to approach that is for the
11 retention, as was the case with Lazard (phonetic) in Pilgrim's
12 Pride, to be under Section 321- - 328(a), but then with the
13 ability of the U.S. Trustee the Court, to determine
14 reasonableness, just like you worded before -

15 THE COURT: We're going to have to go a little bit
16 beyond that, because in this case we don't have a fee review
17 committee as we did in Pilgrim's Pride.

18 MR. STEWART: True.

19 THE COURT: So in this case I want the debtor and the
20 lenders to be able to raise questions of reasonableness as well.

21 MR. STEWART: And, Judge, that's understood and -

22 THE COURT: And the committee. I don't think the
23 committee's going to give a darn as long as they're getting paid
24 in full. But that'll be - that'll be it, okay?

25 MR. STEWART: Yes, Your Honor. We're prepared to do

The Application to Employ Perella Weinberg Partners

87

1 that. In fact Mr. Krammer wanted me to let you know that had he
2 been aware of the Court's position on this before Fulbright got
3 retained, then this would not have been an issue. So he
4 apologizes to the extent your law clerks had to do all that
5 reading, and I think we've resolved that issue.

6 A second issue that Ms. Lambert had that we worked hard
7 to try to resolve concerns the indemnification, which is provided
8 in the engagement letters that again are part of the record. And
9 based upon my experience, the indemnities that are being asked for
10 here are the same kinds of indemnities that are generally granted
11 in every case involving financial advisors similar to the Perella
12 Weinberg firm.

13 I say that, Judge, because we've agreed also to make one
14 additional tweak to the indemnification provision that's in the
15 engagement letter, and that is to also carve out fraud. So it's
16 basically an indemnification, but it would not cover intentional
17 misconduct, intentional conduct, fraud or willful misconduct. And
18 those are the three -

19 THE COURT: How about gross negligence?

20 MR. STEWART: Or gross negligence. I'm sorry. All four
21 are included, actually.

22 THE COURT: Okay. I think that's - Ms. Lambert, is that
23 not consistent with what we were doing in Pilgrim's Pride and
24 prior cases?

25 MS. LAMBERT: Yes, Your Honor. The issue is whether the

The Application to Employ Perella Weinberg Partners

88

1 indemnification should be prospective or retroactive as well.

2 THE COURT: Okay. Well, it's going to be - I can't -
3 whatever is retroactive before the petition date is going triable
4 in the form of a proof of claim. And they can come in and seek it
5 if they want it.

6 And I would note, by the way, and I presume Mr. Krammer
7 is familiar with Judge Jones' view of this sort of thing, and so
8 my guess is if any of these indemnity provisions ever find their
9 way to Fifth Circuit, that they are going to die a quick and
10 painful death.

11 MR. STRUBECK: We hope we never get there, Your Honor,
12 but I understand what the Court is saying.

13 And so I think that leaves us with, Judge, essentially
14 is a consideration by the Court as to whether the Perella Weinberg
15 Partners firm is disinterested, which we believe they are and
16 whether they don't hold an interest that's adverse to this estate
17 and the creditors, and we believe they do not.

18 And, you know, just generally, Judge, the way that we
19 get to that conclusion is we have disclosed, and we've told Ms.
20 Lambert, that the Perella firm was initially retained - and this
21 is all in the record, Your Honor - the Perella firm was initially
22 retained by Hicks Sports Group. It was also retained by all the
23 affiliates and all the related in terms of Hicks Sports Group as
24 is from a corporate standpoint. And this goes back to May of
25 2009, Your Honor.

The Application to Employ Perella Weinberg Partners

89

1 So the Hicks Sports Group, the debtor before the Court,
2 the Texas Rangers Baseball Partners have always been the clients
3 of the Perella Weinberg group from the very beginning.

4 The thing that happened here, Judge, that was a little
5 bit different – and, by the way, the Hicks Sports Group made all
6 the payments prebankruptcy except for two to the Perella Weinberg
7 Group.

8 Then on May the 23rd, just prior to the bankruptcy
9 filing, there was a modified engagement letter that was entered
10 into, also in the record. And pursuant to that the Texas Ranger
11 Baseball partners, the debtor in this case, specifically retained
12 Perella Weinberg.

13 And, Judge, one of the reasons that that happened, and
14 you're going to hear this testimony from – from our witness, is
15 that they were trying to effectuate a more equitable allocation of
16 the fees that were going to be paid in connection with a sale of
17 either the Rangers or the Stars.

18 And so our position is that while the Hicks Sports Group
19 was a client of the Perella firm and still continues to be a
20 client of the Perella firm, there is no relationship that rises to
21 the level of constituting a disqualification from the standpoint
22 of either rendering the Perella firm not disinterested or also,
23 Judge, creating some kind of other material adverse interest that
24 prevents them and makes it inappropriate for them to go forward.

25 So with that said, Judge, I would just rely upon the

The Application to Employ Perella Weinberg Partners

90

1 declarations, the amended declarations, the record that I just
2 mentioned, and then I would offer Mr. Krammer for any testimony if
3 anybody has any questions for him.

4 THE COURT: Ms. Lambert, do you want to cross-examine
5 Mr. Krammer?

6 MS. LAMBERT: Your Honor, I'd prefer to give the
7 argument in this particular instance.

8 THE COURT: Well, let's check and see if there is anyone
9 else who wants to ask Mr. Krammer any questions.

10 Mr. Stewart, no.

11 Debtor, no.

12 Nobody?

13 (No audible response.)

14 THE COURT: Okay, then go ahead.

15 MS. LAMBERT: This is probably something I should have
16 said before. I think the Court is aware of this, but it is the
17 U.S. Trustee's job to do this and it is a statutory mandate, but
18 it's exceedingly unpleasant. And -

19 THE COURT: For you - for you and me both, Ms. Lambert.

20 MS. LAMBERT: I know. And it's not about whether the
21 other professionals are nice people, are intelligent, or anything.
22 And I think sometimes situations evolve differently than people
23 expect. And one of the things that I want to say is particularly
24 grateful to Perella for their efforts. The amendment to the
25 disclosure last night was filed at 1:30 in the morning. I think

The Application to Employ Perella Weinberg Partners

91

1 that's because everybody was scrambling to make that happen.

2 There are three issues remaining from the U.S. Trustee's
3 perspective. One is the conflict issue, which has been narrowed
4 because it was originally the U.S. trustee's understand that
5 Perella had been involved in the prepetition transactions, but did
6 not clarify that they were not except to the extent that they
7 entered into agreement. And that is what the testimony was here
8 today on Weil's application.

9 So the issue has been narrowed to whether to the
10 representation in connection with the January APA and now with the
11 May APA represents conflict. And then there's another issue which
12 is that Perella had been employed by Hicks Sporting Group before
13 the bankruptcy filing and really their incentive fee, their
14 success fee had – had accrued subject to the conditions subsequent
15 of closing the deal.

16 Now on the one hand that's a claim against Hicks
17 Sporting Group. And Hicks Sporting Group has indemnified the
18 debtor. So – for all those representations.

19 So, on the one hand, there is the perspective that Hicks
20 Sporting Group should be paying that amount because they were the
21 contracting party.

22 On the other hand, there is the perspective that the
23 debtor has abdicated here today, which is, if you look at the
24 retention letter, it refers to Hicks Sporting Groups and other
25 related entities, although it is signed on both Hick's Sporting

The Application to Employ Perella Weinberg Partners

92

1 Group only.

2 And so it's their position the Texas Rangers Baseball
3 Partners was odd. Well, the trick there is that then it's a
4 prepetition claim and so the – they are not in a situation where
5 they can be employed under a 327(e). And the statute that con- –
6 in Chapter 11 that contemplates that prepetition professionals can
7 be retained does not contemplate that that can occur when there is
8 a claim such as here where there is like a million dollar
9 prepetition claim.

10 THE COURT: I don't think 1107(b) extends to financial
11 advisors, anyway, does it?

12 MS. LAMBERT: I thought that it said professionals. Let
13 me –

14 THE COURT: Maybe so. Let me see.

15 MS. LAMBERT: 327(e) refers to –

16 THE COURT: So you say a person. Your correct.

17 MS. LAMBERT: But 327(e) says only the debtor's
18 attorney, which is why – and the Court can draw on the case law
19 that has developed in the context of contingency fees for lawyers.
20 So in 327(e) what they say is if you were employed, that through a
21 327(e) then you can get your whole contingency fee because that's
22 been approved that way. Otherwise you would – a prepetition
23 claimed would arise in quantum meruit. For example, if the
24 trustee replaces a law firm that has been retained on a
25 contingency basis with a new law firm.

The Application to Employ Perella Weinberg Partners

93

1 So this is a problem. And it turns on the Court's
2 construction of the agreement and it presents an actual conflict
3 if the Court construes it as they are a claimant in the bankruptcy
4 case, presents a conflict if they represented HSG.

5 The Court has addressed the indemnification issue.

6 So these are the issues that exist. One is the
7 prepetition claim, the change of the agreement in this case, and
8 whether representing the HSG Sports Group in connection with the
9 sale creates a conflict.

10 THE COURT: All right. Anyone else?

11 Mr. Stewart.

12 MR. STEWART: Your Honor, on behalf of the group of Ad
13 Hoc First Lien Lenders, we do have some observations and comments.
14 We did file our objection which I would ask the Court to consider.
15 I'm sure you've had an opportunity to review it. But just in very
16 summary form, our comments are and observations are that Perella
17 had a contact with – since May of 2009 at least to perform work.
18 And that contract was with Hicks Sports Group, the ultimate parent
19 company.

20 On May 23rd, the day before bankruptcy, there was a new
21 agreement executed with this Chapter 11 debtor. It contemplates
22 in terms of services a transaction fee, a shopping of the all
23 club, and the payment of a big fee for the closing of a successful
24 transaction following the shopping of the ballclub.

25 There's no shopping of the ballclub going on. We heard

The Application to Employ Perella Weinberg Partners

94

1 that over and over and over at the three or four hearings in
2 status conferences. We have had and will and until there is a
3 shopping of the ballclub, we object to any transaction fee being
4 awarded as part of an approved engagement letter that's
5 incorporated in the approval order, as contemplated.

6 If that changes, our position changes, because frankly
7 we know it takes a lot of work to run a sale process in Chapter
8 11. But – and we know that Perella is extremely capable of doing
9 so, but it's not been done in this case and it's not contemplated
10 to be done currently by the debtor. So we therefore object unless
11 and until that occurs, to that portion of their engagement
12 request.

13 THE COURT: Does the debtor have any comment?

14 What are they going to do for you that they haven't
15 done?

16 MR. SOSLAND: Your Honor, if we go straight to a
17 confirmation hear on July 9th at which valuation and the bidding
18 process is not going to be an issue and no testimony at all is
19 required, they might not do anything for us. But I'm not certain
20 even if we have a confirmation had on July 9th, that that's going
21 to be the way that it plays out. And I suspect their services
22 would be needed in contemplate of that hearing. There has been a
23 suggestion of – that the parties proceed to mediation. It hasn't
24 happened yet. It may or may not occur, but if that happens, their
25 consideration – their services are likely to be required in

The Application to Employ Perella Weinberg Partners

95

1 connection with that, or client possibly and like other attorneys
2 in the courtroom have probably been talking to the mediator about
3 various possibilities. I suggest that their – they would
4 certainly be premature to say that their services are not going to
5 be utilized by the estate.

6 So I heard what Mr. – what Mr. Stewart said. And if
7 they don't do anything else, the only reason to approve n
8 engagement for the work that they've already done that benefits
9 the estate in the form of the contract is simply it's the right
10 thing. And they may have a prepetition claim related to it, but I
11 think it's – unless the Court's ready to rule that the first
12 optionality is exactly what's going to happen in the next the
13 witness or however – two weeks. I think we do need their
14 services, Your Honor.

15 THE COURT: All right. Mr. Strubeck, once more.

16 MR. STRUBECK: I know you want me to be very brief, Your
17 Honor, and I will, and I agree with everything that Mr. Sosland
18 just said.

19 And I was visiting with Mr. Stewart before this
20 afternoon's hearing and trying to figure out if there was a way to
21 resolve his concern. And I think his concern gets resolved, Your
22 Honor, as a result of what we did to restructure the retention of
23 Perella under Section 321(a) – (a), which – 328(a) with the review
24 process Your Honor said that you were going to put into place
25 here.

The Application to Employ Perella Weinberg Partners

96

1 You know, if at the end of this case Your Honor doesn't
2 believe that the transaction fee was in fact earned, then I think
3 you have got the ability to say and would say that it shouldn't be
4 paid, at least based upon what was done postpetition. And so I
5 think the fact that you're going to control this process in effect
6 takes care of Mr. Stewart's concern as to what's going to happen
7 with that particular transactional fee.

8 And then with respect to Ms. Lambert's comments, I'd
9 note again that if you go back and you look at the engagement
10 letter that was signed in May of 2009, the engagement letter was
11 signed by the Hicks Sports Group, but it was signed on behalf of
12 itself and all of its subsidiaries. And the modification of that
13 agreement that I alluded to earlier, Judge, that was entered into
14 on May the 23rd of this year in fact reduced the commitment of the
15 – of this debtor with respect to any transaction fee that had to
16 be paid, so you're not hearing any allegations from anybody that
17 the Perella Group had anything to do with any of these events that
18 took place on the eve of the bankruptcy filing. That's not the
19 situation.

20 And it seems to me that the only argument that the
21 trustee is making as to why somehow the Perella Group is not
22 disinterested or hold some kind of adverse interest to the estate
23 has to do with the engagement letters. And the original
24 engagement letter was signed by Hicks Sports Group on behalf of
25 itself and all of its subsidiaries which includes today's debtor.

The Application to Employ Perella Weinberg Partners

97

1 So, Judge, I think that Perella is disinterested. I
2 think the Court – and does not represent any kind of interest
3 material to the estate or any class of creditors. And I think
4 Your Honor has the proper procedure and will have the proper
5 control over this whole process, that if you think at the end of
6 the day this transactional fee shouldn't be paid or is somehow not
7 reasonable or inappropriate, you'll have the authority to render
8 the appropriate decision at that time.

9 I think it's in the best interests of the estate for the
10 Perella Group to be retained because I think given how fast of a
11 pace this case seems to be proceeding on, I can't imagine what
12 would happen if the debtor lost the ability to have a financial
13 advisor to provide those services that Mr. Sosland just outlined.

14 So for all those reasons, Your Honor, I think the
15 application should be granted.

16 THE COURT: Anyone else?

17 All right, Mr. Stewart.

18 MR. STEWART: Just one – one paragraph, if I might,,
19 Your Honor, here because I want to make two observations. One,
20 the pre – prepetition engagement agreement from May of 2009 was
21 not signed by this debtor, period.

22 Secondly, Mr. Sosland said that there are – in response
23 to Your Honor's inquiry, 'Hasn't everything already been done that
24 Perella Weinberg signed up to do back in May of '09 with the Hicks
25 Sports Group,' our answer is yes.

Ruling on the Application to Employment Perella Weinberg

99

1 Mr. Fine, you're on.

2 Let me – let me cut through this, Mr. Stewart. Mr.
3 Stewart, listen up.

4 MR. STEWART: Yes, Your Honor.

5 THE COURT: I – I mean I'm going to let the Creditors
6 Committee hire counsel, but I'm going to put them on a budget.
7 And maybe we can save a little bit of time if we just get to that
8 point and we don't have to go through – I don't think anyone else
9 has a problem other than your clients with the retention of
10 counsel by the committee. But unless you're ready to, say, roll
11 over, stick your paws in the air and say we'll do the debtor's
12 deal, until they kind they have a deal in place, they don't know
13 for sure that they're going to get paid.

14 I mean I don't think that we're going to be having a
15 public auction selling bats, balls, and baseball caps in this case
16 ever. But until this thing gets to the point where they know that
17 there is a deal, they're probably going to get paid in full, but
18 they certainly have every reason to want to have someone to
19 monitor the case.

20 On the other hand, Mr. Fine, I don't – I don't think
21 that you need two lawyers in the courtroom in the future. And I
22 think you ought to be able to get by on about \$20,000 a month,
23 with the understanding that if you have something that you need to
24 look at more carefully or you're going to spend more, you ought to
25 be able to come back to me and ask me to change that.

Ruling on the Application to Employment Perella Weinberg

100

1 How does that sound to you?

2 MR. FINE: Well, Your Honor, the first thing I wrote
3 down to say to you is: One riot, one ranger. That's actually
4 been my motto in representing clients over the years.

5 The reason why Mr. Morenoff is here in the courtroom
6 with me today is because he would be filling the roll of Mr.
7 Persons with Mr. Sosland.

8 In other words, if I had been called as a witness, I've
9 had two times in the past where -

10 THE COURT: Okay. All right. All right, that's fine.
11 Then we're - then can you live with what I just suggested?

12 MR. STEWART: We absolutely can, Your Honor. I think
13 that's a great suggestion.

14 THE COURT: Okay. All right. Is that okay with you,
15 Mr. Fine?

16 MR. FINE: Well, Your Honor, the only thing that
17 concerns me about this, and let me just -

18 THE COURT: I mean there was a time in my career when
19 \$20,000 a month had a lawyer's eyes light up. Now it's, 'Well,
20 that just covers 15 minutes of one of my senior partners.'

21 MR. FINE: Your Honor, first of all, let me - let me get
22 to the point of where I think everybody is concerned about here.

23 First of all, my hourly rate is \$525 an hour. I know
24 there are lawyers in this room whose hourly rates are far in
25 excess of that. And there are perhaps those who are less than

Ruling on the Application to Employment Perella Weinberg

101

1 that.

2 THE COURT: How about if we put you on my hourly rate
3 the day I quit practice?

4 MR. FINE: Your Honor, -

5 THE COURT: I don't think your boss would like that.

6 MR. FINE: But, Your Honor, there is one other - one
7 other point I want to make. In the - in the statement that you
8 made, just before I began speaking, about the possibility of not
9 being paid in this case, of the creditors not being paid, I want
10 to amplify that just a little bit.

11 There is another undercurrent here that the creditors
12 are concerned about and that is that this fraudulent-transfer
13 lawsuit has been filed. There was colloquy about that at the
14 hearing on Tuesday. And the possibility that the lenders may have
15 a claim in excess of the \$75 million that is derived from the
16 guaranty obligation. We don't know the quantification of that
17 claim. And there's a potential that that claim may dilute a
18 recovery to unsecureds.

19 We don't know what the what the thought process is of
20 the Ad Hoc Group of Lenders. They have - they have said that they
21 could file other suits in regard to other prebankruptcy
22 transactions that they've complained about in their briefing.
23 That is a concern to the unsecured creditors.

24 There is another concern out unsecured creditors, and
25 that is the feasibility of the plan. And that is an issue that

Ruling on the Application to Employment Perella Weinberg

102

1 there really hasn't been any discussion of. There's only been
2 that, well, there is this sale out here. If it does transpire, if
3 the money is actually paid, that's wonderful and that's great.
4 And we'll proclaim great victor.

5 But if for some reason it doesn't occur and there is a
6 feasibility issue, we want to make sure that we know about that
7 because it may very well be that, and an alternate group may very
8 well be appropriate.

9 We've not – Your Honor, we've not – you've not asked us
10 and we've not told you yet what our position is in this case. But
11 the truth is we don't really care whether it's the Ryan Greenberg
12 Group –

13 THE COURT: I am aware of the general unsecured creditor
14 position which is 'I want as much money as possible as soon as
15 possible and at as little risk as possible at a smaller cost as
16 possible'; is that generally a statement of your client's
17 position?

18 MR. FINE: Yes, Your Honor.

19 THE COURT: Okay. All right. We're going to do what I
20 said: We're going to put you on a \$20,000-a-month budget. If
21 something comes up and you are going to do need more to – more
22 than that, you go visit with the debtor and Mr. Stewart. And if
23 they agree, I'll up it to whatever they agree to. If they don't
24 agree, you can bring it before me and you'll get to bill for the
25 time that it takes to come in and get the budget increased. And

Ruling on the Application to Employment Perella Weinberg

103

1 that will be in addition to your budget amount. That covers
2 approximately 40 hours a month of your time, which should be
3 roughly enough time to monitor the case.

4 If it turns out that you have an actual situation where
5 you have to start filing briefs and take positions, and we're
6 going to call it: \$20,000 for June and \$20,000 for July. So that
7 covers your brief that you filed the other day in connection with
8 the issues we heard on Tuesday.

9 Like I said, if it turns out that you're running more
10 than that because there are more demands on you, that's fine. But
11 the way I see it, to some extent the key parties in this case are
12 the Office of the Commissioner of Baseball and the lenders.
13 That's where what it's going to come down to here. The debtor is
14 the corpse over which they are fighting. I shouldn't have said
15 corpse, should I? There is a reporter on the phone. So I didn't
16 mean it that way, but that's - that's where the heart and soul of
17 this case is. And I understand that Rangers Express - Rangers
18 Baseball Express has a very real interest in the case. But the
19 two parties who have the biggest fight at this point are those two
20 parties, as I see it.

21 So you watch the case. If it turns out you're going to
22 need more money, you're welcome back to me. At the meantime, I've
23 essentially approved \$40,000 for two months of work which, as I
24 say, back when I was in practice there were lawyers who would get
25 all excited about that. Nowadays only the Chapter 13 lawyers get

Ruling on the Application to Employment Perella Weinberg

104

1 excited about that.

2 MR. FINE: Your Honor, I appreciate your comments and I
3 absolutely am very aware of what you're saying and the whole
4 prospect of it.

5 The one thing I do want to say to the Court is that from
6 June 3rd until today we spent - actually until the hearing on
7 Tuesday - we spent a lot of time getting up to speed in a very,
8 very complicated matter. And myself, Mr. Morenoff, and Mr.
9 Billingsley of our office participated in that. And I honestly
10 haven't looked at the time records. I don't know how much time
11 was spent, but I suspect it was more than \$20,000.

12 THE COURT: Well, then don't do too much in July, okay?
13 I'm not going to prevent you from filing an application for more.
14 We'll see where the case gets, but that's what we're - what I'm
15 going to authorize at this point, all right?

16 Okay, all right. Does anybody have anything further?

17 Mr. Sosland.

18 MR. SOSLAND: Not on this application.

19 THE COURT: Okay. You really want to get up and say
20 something, go ahead. Remember what Judge Abramson used to say.

21 MR. FINE: This - are we - only if we're through with
22 all of the retention applications.

23 THE COURT: Okay. We're through with the applications.

24 MR. FINE: Your Honor, Tuesday at the conclusion of the
25 hearing in chambers we discussed the disclosure statement and

Ruling on the Application to Employment Perella Weinberg

105

1 order setting – well, modifications were made partly in response
2 to the discussion that took place in chambers and it was described
3 on the record by the Court when we came out from the chambers
4 conference.

5 And we did prepare a form of order approving the
6 disclosure statement, setting a hearing on July 9, and objection
7 bound to the deadline of July 2, consistent with the discussions
8 that we have – have in chambers with all of the parties on the
9 second –

10 THE COURT: Has it been reviewed by the lenders and –

11 MR. FINE: I believe that the letter was circulated to
12 everyone. On the disclosure statement?

13 To all parties, Your Honor. So the order has been
14 circulated; we have comments from everyone. We put the lender's
15 exhibit on the disclosure statement. That was what was – you made
16 reference to it. It was filed at 2:30. The only thing I notice
17 with the hard copy that was brought in while we were sitting at
18 the desk was that it doesn't conform with the Northern District
19 rules of the three inches before the – everything starts. So...

20 THE COURT: Well, do you have a line for signature at
21 the end?

22 MR. FINE: No, that's the problem, is it doesn't have
23 either one.

24 THE COURT: All right.

25 MR. FINE: It's uploaded, though, other than for – for

The Application to Employ in the Ordinary Course

106

1 the uploaded format other than the third -

2 THE COURT: All right. Why don't - why don't you get it
3 re - yes, Ms. O'Neil.

4 MS. O'NEIL: That form of order -

5 THE COURT: The end of the microphone, Ms. O'Neil.

6 MS. O'NEIL: Does this work?

7 That form of order, I believe, was circulated to parties
8 mid-morning. And all I would ask is at least maybe even an hour
9 to just confirm. I'm sure it's fine, but I just would like - I'm
10 sure -

11 THE COURT: Well, tell you what. You get it to Mr.
12 Lynch tomorrow and I will sign it tomorrow, all right?

13 MR. SOSLAND: Thank you, Your Honor.

14 MS. O'NEIL: Thank you.

15 THE COURT: Will that take care of everything?

16 Anyone else?

17 (No audible response.)

18 THE COURT: Okay. Thank you very much, ladies and
19 gentlemen. We will be adjourned.

20 THE CLERK: All rise.

21 THE COURT: Oh, the ordinary course application, you
22 forgot that one. Nobody objected to it, which is why it slipped
23 everybody's mine. And, somewhat against my better judgment, I
24 would agree with that.

25 That - that whole thing, I don't know - Ms. Lambert, I

The Application to Employ in the Ordinary Course

107

1 don't know why the U.S. Trustee let's things go. But since you
2 do, I'm going to approve it.

3 MS. LAMBERT: Your Honor, we did have one comment on the
4 OCP thing – order, which was just something that we had said we
5 would note for the record. There is one accountant that's listed
6 on the ordinary course professional list which, you know, is not
7 in the nature of special litigation counsel, or anything.

8 And they represented to the U.S. Trustee's Office that
9 these accountants did not have a prepetition claim and that they
10 were not performing any bankruptcy-related services, but were
11 preparing normal accounting, auditing functions that would be at
12 minimum of going through the course of the case. And then we have
13 an aggregate amount of \$75,000 that we added in the order.

14 THE COURT: All right. Can you reach agreement-with

The Application to Employ in the Ordinary Course

108

1 Ms. Lambert on the order on that ordinary course motion, Mr...

2 MS. LAMBERT: I think they have already put that in.

3 MR. SOSLAND: I think it's all included in the form of
4 order, Your Honor.

5 THE COURT: All right. Then I'll sign the order. We'll
6 be adjourned.

7 THE CLERK: All rise.

8 (The hearing was adjourned at 4:20 o'clock p.m.)

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