

Exhibit F

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re
USA DISCOUNTERS, LTD., *et al.*,¹
Debtors.

Chapter 11
Case No. 15-11755 (CSS)
(Jointly Administered)

**APPLICATION, PURSUANT TO BANKRUPTCY CODE SECTION 327(e), FOR
ENTRY OF AN ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF
GOODWIN PROCTER LLP AS SPECIAL COUNSEL TO THE DEBTORS,
EFFECTIVE NUNC PRO TUNC TO FEBRUARY 1, 2016**

USA Discounters, Ltd. ("USA Discounters"), USA Discounters Holding Company, Inc. ("Holdings"), and USA Discounters Credit, LLC ("Credit LLC"), the debtors and debtors in possession (the "Debtors") in the above-captioned chapter 11 cases (the "Cases"), hereby submit this application (the "Application") for entry of an order, pursuant to section 327(e) of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), and consistent with the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases (the "U.S. Trustee Guidelines"), authorizing the employment and retention of Goodwin Procter LLP ("Goodwin") as special counsel for the Debtors with respect to an attempted class

¹ The Debtors and the last four digits of their respective federal taxpayer identification numbers are as follows: USA Discounters, Ltd. (5123); USA Discounters Holding Company, Inc. (8192); and USA Discounters Credit, LLC (3128). The Debtors' address is 6353 Center Drive, Building 8, Suite 101, Norfolk, Virginia, 23502.

action claim filed by Demera Gaskins and related matters (the “Litigation”),² *nunc pro tunc* to February 1, 2016. In support of the Application, the Debtors submit (i) the *Statement Under Rule 2016 of the Federal Rules of Bankruptcy Procedure*, attached as **Exhibit A**, (ii) the *Declaration of David L. Permut in Support of Debtors’ Application for Entry of an Order Authorizing Employment and Retention of Goodwin Procter LLP as Special Counsel to the Debtors, Effective Nunc Pro Tunc to February 1, 2016* (the “Permut Declaration”), attached as **Exhibit B**, and (iii) the *Declaration of Timothy W. Dorsey in Support of Debtors’ Application for Entry of an Order Authorizing Employment and Retention of Goodwin Procter LLP as Special Counsel to the Debtors, Effective Nunc Pro Tunc to February 1, 2016* (the “Dorsey Declaration”), attached as **Exhibit C**. In further support of the Application, the Debtors respectfully state as follows:

I. JURISDICTION

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over the Cases and the Application pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the court may enter a final order consistent with Article III of the United States Constitution. Venue of these Cases and the Application in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. Pursuant to Rule 9013-1(f) of the Local Rules, the Debtors consent to the entry of a final judgment or order with respect to the Application if it is determined that the Court, absent

² The Litigation arises from a putative class action counterclaim filed on April 28, 2015 by Ms. Gaskins as part of a debt-collection action USA Discounters filed in the Small Claims and Conciliation Branch of the Superior Court of the District of Columbia, Civil Division (the “D.C. Court”) as Civil Action No. 2014 SC3 3915.

consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. The statutory and legal predicates for the relief requested are section 327(e) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1. Compensation will be in accordance with Bankruptcy Code sections 330 and 331.

II. BACKGROUND

4. On August 24, 2015 (the "Petition Date"), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code.

5. The Debtors are authorized to continue to operate their business and manage their property as debtors in possession pursuant to Bankruptcy Code Sections 1107(a) and 1108. No request has been made for a trustee or an examiner in these Cases. The Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Committee") on September 2, 2015.

6. The detailed factual background relating to the Debtors and the commencement of these Cases is set forth in the *Declaration of Timothy W. Dorsey in Support of First Day Motions* filed on the Petition Date [Docket No. 3].

7. Goodwin is currently employed and compensated by the Debtors in the ordinary course of business pursuant to the *Interim Order Authorizing the Debtors to Retain, Employ, and Compensate Certain Professionals Utilized by the Debtors in the Ordinary Course of Business on an Interim Basis* [Docket No. 128] and the *Final Order Authorizing the Debtors to Retain, Employ, and Compensate Certain Professionals Utilized by the Debtors in the Ordinary Course of Business* [Docket No. 202] (the "Final OCP Order").

8. Payments made to Goodwin in the ordinary course during these Cases are summarized in the Debtors' *Notice of First Quarterly Statement of Payments Made to Ordinary*

Course Professionals for the Period from August 24, 2015 to December 31, 2015 [Docket No. 414]. On February 8, 2016, the Court entered the *Order Approving Ordinary Course Professional Fees in Excess of the Cap Amount for the Month of November 2015* [Docket No. 439], which approved the payment by USA Discounters of fees to Goodwin in excess of the monthly cap amount set forth in the Final OCP Order.

9. On November 11, 2015, the Court entered an *Order Approving Stipulation Among the Debtors, the Official Committee of Unsecured Creditors and Demera A. Gaskins Regarding the Motions for Class Certification and Application of Rule 7023* [Docket No. 294] (the “Stipulation”). Among other things, the Stipulation provides for a ninety day standstill period (the “Standstill Period”) with respect to all matters raised in the Gaskins Motions other than with respect to the filing of the Class Claim (each as defined in the Stipulation).

III. RELIEF REQUESTED

10. In connection with the expiration of the Standstill Period, the Debtors anticipate greater reliance on the services of Goodwin than would be permitted under the Final OCP Order. Accordingly, by this Application, the Debtors seek to employ and retain Goodwin, as their special counsel with regard to the Litigation. The Debtors respectfully request entry of an order pursuant to Bankruptcy Code Section 327(e), Bankruptcy Rule 2014(a), and Local Rule 2014-1, authorizing them to employ and retain Goodwin as special counsel, effective *nunc pro tunc* to February 1, 2016, to perform the legal services related to the Litigation that will be necessary during the Cases pursuant to the terms set forth in the Application and the Permut Declaration.

IV. BASIS FOR RELIEF

A. Goodwin’s Qualifications

11. The Debtors seek to retain Goodwin in a limited capacity with respect to the matters described above because of Goodwin’s recognized expertise in these matters. Goodwin

has acted as counsel to the Debtors in the Litigation since May 2015. Goodwin has also provided legal services in connection with the Litigation in these Cases, specifically including analyzing and contributing to a draft opposition to Gaskins' motions to file a class proof of claim and for certification of putative classes. *See* Docket Nos. 236–38. Additional information regarding Goodwin's qualifications is more fully set forth in the Permut Declaration.

B. Services to be Provided by Goodwin

12. Subject to further order of the Court, the Debtors seek to retain Goodwin to continue providing legal services in connection with the Litigation to the extent requested by the Debtors. The professional services that Goodwin will render include, without limitation, participating in discussions and negotiations about the Litigation, coordinating any discovery or related issues in the Litigation, analyzing and contributing to any pleadings filed with respect to the Litigation, and advising the Debtors regarding the Litigation and related matters.

13. The Debtors believe that it is necessary and appropriate for them to retain Goodwin to render the foregoing legal services. Goodwin has indicated a willingness to act on behalf of the Debtors. If the Court does not authorize the Debtors' employment and retention of Goodwin with respect to the Litigation, the Debtors, their estates, and parties in interest will be unduly prejudiced by the time and related expense that will be necessary for other counsel to familiarize themselves with the matters described above.

14. The Debtors have informed Goodwin, and Goodwin understands, that the Debtors have filed retention applications for other professionals in these Cases. In particular, the Debtors have informed Goodwin that the Debtors have retained Klee, Tuchin, Bogdanoff & Stern LLP ("KTBS") as bankruptcy counsel and Pachulski Stang Ziehl & Jones, LLP ("PSZ&J") as Delaware counsel to the Debtors in these Cases. Goodwin has informed the Debtors that it will

take appropriate steps to coordinate with each of the Debtors' other professionals to avoid unnecessary duplication of efforts.

C. Payment of Fees and Expenses

15. The Debtors request that all fees and related costs and expenses incurred by the Debtors on account of services rendered by Goodwin in these Cases be paid as administrative expenses of the Debtors' estates pursuant to Bankruptcy Code Sections 330 and 331. Subject to this Court's approval, and compliance with Bankruptcy Code Sections 330 and 331, Goodwin will (a) charge for its legal services rendered on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the date the services are rendered and (b) seek reimbursement of actual and necessary out-of-pocket expenses in connection with such retention.

Goodwin's hourly rates for 2016 are as follows:

<u>Billing Category</u>	<u>Range</u>
Partners	\$765 - \$1,160
Associates and Law Clerks	\$430 - \$765
Other Service Providers	\$210 - \$400

16. The principal attorneys presently designated to represent the Debtors, and their current hourly rates, are:

David L. Permut	\$890
Benjamin P. Saul	\$825
Joseph F. Yenouskas	\$790
Lindsay L. Raffetto	\$600
Ewurabena S. Hutchful	\$430

17. Goodwin has advised the Debtors that the hourly rates set forth above are subject to annual increases in the normal course of Goodwin's business. Goodwin will file a

supplemental affidavit (a “Supplemental Affidavit”) with the Court and provide the U.S. Trustee and any official committee(s) appointed in these Cases with notice of any such increase. Any Supplemental Affidavit will explain the basis for the requested rate increase in accordance with Bankruptcy Code Section 330(a)(3)(F). Pursuant to section B(2)(d) of the U.S. Trustee Guidelines, Goodwin will provide justification of the reasonableness of any rate increase in the applicable fee application.³

18. Goodwin will maintain detailed, contemporaneous time records in six minute intervals and apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 119] (the “Interim Compensation Order”), and any additional procedures that may be established by the Court in these Cases and by the U.S. Trustee Guidelines.

19. It is Goodwin’s practice to charge its clients for expenses incurred in connection with their cases. Third-party expenses incurred by Goodwin are charged at their actual cost to Goodwin without surcharge. Goodwin does not charge its clients for word processing or secretarial overtime. Goodwin contemplates using the following expense categories: (a) copies; (b) outside printing; (c) telephone; (d) facsimile; (e) online research; (f) delivery services or couriers; (g) postage; (h) local travel; (i) out-of-town travel (including subcategories for transportation, hotel, meals, ground transportation, other); (j) meals (local); (k) court fees; (l) subpoena fees; (m) witness fees; (n) deposition transcripts; (o) trial transcripts; (p) trial

³ Like many of its peer law firms, Goodwin increases the hourly billing rate of attorneys and its paralegals periodically in the form of step increases in the ordinary course on the basis of advancing seniority and promotion. The step increases do not constitute “rate increases” (as the term is used in the U.S. Trustee Guidelines). Accordingly, Goodwin does not intend to provide a separate justification for such step increases.

exhibits; (q) litigation support vendors; (r) experts; (s) investigators; (t) arbitrators/mediators; and (u) other.

20. Goodwin will consult with the U.S. Trustee regarding suggested alterations to the above fee and expense categories, and will seek to coordinate the consistent use of these categories among professionals required to file applications for payment of fees and reimbursement of expenses in these Cases.

21. The Debtors understand that Goodwin will apply to the Court for interim and final allowance of compensation for professional services rendered and reimbursement of expenses incurred in these Cases in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Interim Compensation Order, and any other orders entered in these Cases governing professional compensation and reimbursement for disbursements incurred. The Debtors understand that Goodwin will seek compensation for the services of each attorney and paraprofessional acting on behalf of the Debtors in these Cases at the then-current hourly rates charged for such services as referenced above.

22. The Debtors, subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Interim Compensation Order, and further orders of this Court, propose to pay Goodwin its hourly rates for services rendered that are in effect from time to time, as set forth above and in the Permut Declaration, and to reimburse Goodwin according to its reimbursement policies, and submit that such rates are reasonable.

23. Other than as set forth above and in the Permut Declaration, no arrangement is proposed between the Debtors and Goodwin for compensation to be paid in these Cases. In addition, Goodwin has not shared or agreed to share any of its compensation from the Debtors with any other person, other than as permitted by Bankruptcy Code Section 504.

24. As required by 11 U.S.C. § 327(e) and as set forth in the Permut Declaration, Goodwin does not represent or hold any interest adverse to the Debtors or to the estates with respect to the Litigation.

25. As set forth in the Permut Declaration, Goodwin may have in the past represented, may currently represent, and likely in the future will represent certain creditors and other parties in interest in these Cases in matters that are unrelated to the Litigation and these Cases. The Debtors understand, based on the Permut Declaration, that neither Goodwin nor any attorney at Goodwin holds or represents an interest adverse to the Debtors' estates with respect to the Litigation or these Cases.

V. STATEMENT REGARDING U.S. TRUSTEE GUIDELINES

26. Goodwin intends to apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with these Cases in compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Interim Compensation Order, and any other applicable procedures and orders of the Court. Goodwin also intends to make a reasonable effort to comply with the U.S. Trustee's requests for information and additional disclosures as set forth in the U.S. Trustee Guidelines, both in connection with this Application and the interim and final fee applications to be filed by Goodwin in these Cases.⁴

⁴ As this Court is aware, the Executive Office for the United States Trustee ("EOUST") recently adopted the new U.S. Trustee Guidelines. By their terms, the new U.S. Trustee Guidelines "apply to the USTP's review of applications for compensation filed by attorneys in larger chapter 11 cases," and are intended as an update to the original Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under 11 U.S.C. § 330 (the "Appendix A Guidelines") adopted by the EOUST in 1996. The Appendix A Guidelines have been a part of this Court's local procedures for years. Among other things, the new U.S. Trustee Guidelines ask attorneys in larger chapter 11 cases to provide additional documentation and make significant new disclosures in connection with their retention under section 327 and compensation under section 330 of the Bankruptcy Code. As the new U.S. Trustee Guidelines themselves acknowledge, "the Guidelines do not supersede local rules, court orders, or other controlling authority," and it remains to be seen how the new U.S. Trustee Guidelines will be incorporated into larger chapter 11 cases. It is the Debtors' and Goodwin's intention

27. The following information is provided in response to the request for additional information set forth in Paragraph D.1 of the U.S. Trustee Guidelines:

Question: Did you agree to any variations from, or alternatives to, your standard or customary billing arrangements for this engagement?

Response: The hourly rates disclosed above are consistent with the rates that Goodwin charges other Chapter 11 clients and the rates that Goodwin charges in other non-bankruptcy representations. Furthermore, the hourly rates to be charged in connection with this engagement are not significantly different from the rates of other comparably skilled professionals for similar engagements.

Question: Do any of the professionals included in this engagement vary their rate based on the geographic location of the bankruptcy case?

Response: No.

Question: If you represented the client in the 12 months prepetition, disclose your billing rates and material financial terms for the prepetition engagement, including any adjustments during the 12 months prepetition. If your billing rates and material financial terms have changed postpetition, explain the difference and the reasons for the difference.

Response: Goodwin represented the Debtors in the 12 months prior to the Petition Date. The billing rates and material financial terms for the prepetition engagement are the same as the rates and terms set out in the "Payment of Fees and Expenses" section of this Application. Goodwin's range of rates for the previous year were as follows:

<u>Billing Category</u>	<u>Range</u>
Partners	\$725 - \$1,020
Associates and Law Clerks	\$400 - \$745
Other Service Providers	\$200 - \$400

to work cooperatively with the U.S. Trustee to address the concerns that prompted the EOUST to adopt the new U.S. Trustee Guidelines; however, in doing so, the Debtors and Goodwin reserve all rights as to the relevance and substantive legal effect of the new U.S. Trustee Guidelines in respect of any application for employment or compensation in these Cases that falls within the ambit of the new U.S. Trustee Guidelines.

The 2015 hourly rates for the principal attorneys designated to represent the Debtors were:

David L Permut	\$850
Benjamin P. Saul	\$750
Lindsay L. Raffetto	\$525
Ewurabena S. Hutchful	\$400

The increase in Goodwin's rates for 2016 was the result of Goodwin's annual rate increase, which it effected as part of its ordinary course of business.

Question: Has your client approved your prospective budget and staffing plan, and, if so for what budget period?

Response: Yes, for the budget period January 2016 through April 2016.

VI. NOTICE

28. Notice of this Application will be provided to the following parties, or their counsel, if known: (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to the Committee; (iii) counsel to the Prepetition Agent; and (iv) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

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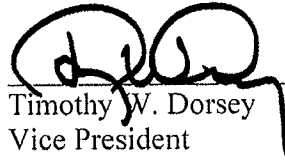
VII. CONCLUSION

WHEREFORE, for the reasons set forth above and in the Permut Declaration and the Dorsey Declaration, the Debtors respectfully request that this Court enter an order, substantially in the form attached as **Exhibit D**, (i) authorizing the employment and retention of Goodwin effective *nunc pro tunc* to February 1, 2016, on the terms described above and (ii) granting such other and further relief as is just and proper.

Dated: February 23, 2016

Respectfully submitted,

USA Discounters, Ltd., *et al.*, Debtors and
Debtors in Possession



Timothy W. Dorsey
Vice President