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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	Chapter 11
THE CONNAUGHT GROUP, LTD., et al.,	Case No. 12- ____ (____)
Debtors.	(Joint Administration Requested)
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**DEBTORS AND DEBTORS-IN-POSSESSION’S APPLICATION
FOR AN ORDER AUTHORIZING EMPLOYMENT AND RETENTION
OF FULBRIGHT & JAWORSKI L.L.P. NUNC PRO TUNC TO THE PETITION
DATE AS COUNSEL FOR THE DEBTORS AND DEBTORS -IN -POSSESSION**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The Connaught Group, Ltd. (“Connaught”) and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”),¹ hereby move the Court for entry of an order authorizing the employment and retention of Fulbright & Jaworski L.L.P. (“Fulbright” or the “Firm”) to act as their attorneys effective *nunc pro tunc* to the Petition Date (as defined herein) in connection with the commencement and prosecution of their chapter 11 cases in accordance with Fulbright’s normal hourly rates in effect when services are rendered and normal

¹ The Debtors, together with the last four digits of each Debtor’s federal tax identification number are: The Connaught Group, Ltd. (8384); Limited Editions for Her of Nevada LLC (7669); Limited Editions for Her of Branson LLC (8078); Limited Editions for Her LLC (2197); and WDR Retail Corp. (8865).

reimbursement policies (the "Application"). In support of this Application, the Debtors respectfully state as follows:

Jurisdiction

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this proceeding and this Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 327(a) and 330 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules").

Background

3. On February 9, 2012 (the "Petition Date"), The Connaught Group, Ltd. and four (4) of its affiliates each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently herewith, the Debtors filed a motion seeking joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b).

4. Debtors operate several top women's direct sales clothing lines including Carlisle, Per Se and affiliated brand, Etcetera. Debtors design and have manufactured high-end women's wear and then sell the finished clothing through an innovative sales system outside the normal retail chain originally created in 1981 by the Debtors' founder and iconic designer, William D. Rondina. Debtors' sales are made primarily through independent contractors ("Wardrobe Consultants") who sell Debtors' clothing to their own clients in private showings. Through the

Wardrobe Consultants, Debtors are able to offer the personalized service and attention to detail absent from the conventional shopping experience. As of the Petition Date, Debtors are affiliated with more than 1,300 Wardrobe Consultants. Debtors also operate ten (10) outlet stores throughout the country, but Debtors primarily only sell last season's clothing and other merchandise to be liquidated at these stores.²

5. Debtors' sales process breeds considerable brand loyalty by both Wardrobe Consultants and their clients, the final consumers. At its height in 2007, Debtors' revenue surpassed 150 million dollars but fell to approximately 108 million dollars in 2010 as consumer spending fell as a result of the global economic crisis.

6. Debtors produce four waves of new products each year to correspond with each design season: spring, summer, fall, and holiday. The majority of goods from the Debtors' spring collection are in their possession or are expected to be received in the week after the Petition Date. Debtors began selling goods from their spring collections in the weeks prior to the Petition Date.

7. Additional information regarding the Debtors' businesses, capital structure, and the circumstances leading to these chapter 11 cases is contained in the *Declaration of Maury Satin, Chief Restructuring Officer of the Connaught Group, Ltd., et al., (A) in Support of Debtors' Chapter 11 Petitions and First Day Motions and (B) Pursuant to Local Bankruptcy Rule 1007-2* (the "First Day Declaration"), filed on the Petition Date.

Relief Requested

8. The Debtors seek the entry of an order substantially in the form attached hereto as Exhibit A authorizing the employment and retention of Fulbright as the Debtors' attorneys to file

² A non-debtor Canadian subsidiary, The Connaught Group ULC, sells Debtors' clothing to be liquidated in eight (8) outlet stores in Canada. Three (3) of these Canadian stores are leased by The Connaught Group, Ltd.

and prosecute this chapter 11 case and all related matters, effective *nunc pro tunc* to the Petition Date.

The Retention of Fulbright

9. The Debtors have determined that it will be necessary to engage counsel with knowledge and experience in the areas, among others, of bankruptcy, reorganization, litigation, employee benefits, intellectual property, mergers and acquisitions, divestitures and corporate governance. Such legal counsel will enable the Debtors to carry out their duties in this chapter 11 proceeding and will assist in the administration of their estates. The Debtors, therefore, propose to retain and employ Fulbright as counsel in all phases of these chapter 11 cases pursuant to section 327(a) of the Bankruptcy Code.

10. Fulbright is a law firm employing approximately 950 attorneys. The Firm maintains offices for the practice of law at 666 Fifth Avenue, New York, New York, as well as offices in Austin, Dallas, Denver, Houston, Los Angeles, Minneapolis, San Antonio, St. Louis, Washington, D.C., and international offices in Beijing, Dubai, Hong Kong, London, Munich, and Riyadh. The majority of the services to be provided to the Debtors by Fulbright are expected to be provided by attorneys in Fulbright's New York office.

11. In preparing for its representation of the Debtors in these chapter 11 cases, Fulbright has become familiar with the Debtors' businesses and many of the potential legal issues that may arise in the context of these chapter 11 cases. The Debtors now desire to employ and retain Fulbright, pursuant to section 327(a) of the Bankruptcy Code, as counsel to perform the extensive legal services that will be necessary during these chapter 11 cases, as more fully described below. The Debtors have been informed that (i) David L. Barrack of Fulbright, a partner who will be engaged in this chapter 11 case, is a member in good standing of, among others, the Bar of the State of New York and the United States District Court for the Southern,

Eastern and Northern Districts of New York; and (ii) Paul Jacobs and Warren J. Nimetz, corporate practitioners and Fulbright partners, who will also be engaged in these chapter 11 cases, are members in good standing of the Bar of the State of New York.

12. The Debtors have selected Fulbright as section 327(a) counsel because of the Firm's experience and knowledge in the fields of business restructuring, insolvency, reorganizations under chapter 11 of the Bankruptcy Code and other related matters. The Firm's bankruptcy and restructuring department is comprised of approximately 31 attorneys who specialize in corporate restructuring, bankruptcy, and insolvency issues. Fulbright's experience includes representing debtors, creditors' committees and major interests in some of the nation's highest profile bankruptcy and workout cases, including *The Texas Rangers*, *In re Seahawk Drilling, Inc.*, *MF Global*, *Enron Corp.*, *Mirant Corporation*, *Calpine Corporation*, *ASARCO LLC*, *Dynege, Inc.*, *United Airlines, Inc. (UAL Corporation)*, *Delta Air Lines, Inc.*, *Frontier Airlines, Inc. (Frontier Airlines Holdings, Inc.)*, *Braniff International Airways, Inc.*, *Lehman Brothers Holdings, Inc.*, *Northwest Airlines, Inc.*, *US Airways, Inc.*, *Continental Airlines*, *Trans World Airlines*, *Scotia Pacific Company, LLC*, and *WorldCom, Inc.*

13. For the reasons stated above, the Debtors believe that the Firm is both well qualified and uniquely able to represent them as the debtors and debtors in possession in this chapter 11 case in an efficient and timely manner. Additionally, Fulbright has recently advised the Debtors regarding various restructuring alternatives, including advice relating to the bankruptcy proceedings and other possible strategic alternatives. The Firm's continued representation of the Debtors will avoid the time and expense necessarily required by new attorneys to familiarize themselves with the intricacies of the Debtors' businesses, operations, and capital structure, resulting in gains in efficiency and economy throughout the Debtors'

restructuring process. If the Debtors were required to retain counsel other than Fulbright in connection with the prosecution of this chapter 11 case, the Debtors, their estates, and all parties-in-interest would be unduly prejudiced by the time and expense necessarily required by such new attorneys to familiarize themselves with the intricacies of the Debtors' businesses, operations, and capital structure.

Scope of Services

14. Subject to further order of the Court and consistent with its engagement agreement, the Debtors request the employment and retention of Fulbright to render the following legal services:

- a. providing advice to the Debtors with respect to their powers and duties as debtors-in-possession in the continued operation of their businesses and the management of their property;
- b. advising and consulting on the conduct of these chapter 11 cases, including all of the legal and administrative requirements of operating in chapter 11;
- c. taking necessary or appropriate action to protect and preserve the Debtors' estates, including prosecuting actions on the Debtors' behalf, defending any actions commenced against the Debtors, conducting negotiations concerning litigation or other disputes in which the Debtors are involved, and filing and prosecuting objections to claims filed against the Debtors' estates;
- d. preparing, on behalf of the Debtors, applications, motions, answers, orders, reports, memoranda of law, and other papers in connection with the administration of the Debtors' estates;
- e. representing the Debtors in negotiations with all other creditors, equity holders, and parties-in-interest, including governmental agencies and authorities;
- f. representing the Debtors regarding possible dispositions of assets;
- g. taking any necessary action on behalf of the Debtors to negotiate, prepare, and obtain approval of a disclosure statement and confirmation of a chapter 11 plan and all documents related thereto; and

- h. performing other necessary or appropriate legal services in connection with this chapter 11 case.

Fulbright's Disinterestedness

15. To the best of the Debtors' knowledge, and except as set forth herein and as otherwise disclosed in the Affidavit of David L. Barrack, executed on February 8, 2012 (the "Barrack Affidavit," a copy of which is annexed hereto as Exhibit B), the partners, counsel, and associates of Fulbright have not represented, and do not have any connection with, the Debtors, their creditors, equity security holders, any other parties-in-interest in any matters relating to the Debtors or their estates, the Debtors' respective attorneys and accountants, the United States Trustee for the Southern District of New York, or any person employed by the office of the United States Trustee for the Southern District of New York in this chapter 11 proceeding.

16. As disclosed in the Barrack Affidavit, the Firm currently represents Debtors' principal, certain of their creditors and other parties-in-interest in matters wholly unrelated to these proceedings. Fulbright has fully informed the Debtors of its ongoing representation of such entities, and the Debtors have consented to the Firm's continued representation of these entities in matters unrelated to these proceedings. The Debtors believe that Fulbright's current and future representation of these entities will not in any way adversely affect the Firm's representation of the Debtors.

17. To the best of the Debtors' knowledge, and as disclosed in the Barrack Affidavit, Fulbright does not hold or represent any interest adverse to the Debtors or their estates, Fulbright is a "disinterested person" as that phrase is defined in § 101(14) of the Bankruptcy Code, as modified by § 1107(b) of the Bankruptcy Code, and Fulbright's employment and retention is necessary and in the best interests of the Debtors and their estates.

18. The proposed employment of Fulbright is not prohibited by or improper under Bankruptcy Rule 5002.

19. Fulbright will periodically review its records during the pendency of this chapter 11 case to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, Fulbright will use reasonable efforts to identify such further developments and will promptly file a supplemental declaration, as required by Bankruptcy Rule 2014(a). In the event that matters should arise over the course of this chapter 11 case to which Fulbright may be precluded from acting by reason of an actual or potential conflict of interest, the Debtors will retain conflicts counsel if appropriate to handle such matters.

Professional Compensation

20. The Debtors understand that Fulbright intends to apply to the Court for allowance of compensation and reimbursement of fees and expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules³ and orders of the Court. Pursuant to its pre-petition agreement with the Debtors, Fulbright will provide the Debtors a 10% discount off of its standard hourly rates. Subject to such provisions and Court orders, compensation will be payable to Fulbright on an hourly basis at its customary hourly rates for bankruptcy services rendered as in effect from time to time, plus reimbursement of actual, necessary expenses incurred by the Firm. Fulbright's hourly rates for New York office timekeepers⁴ applicable in this chapter 11 proceeding, subject to periodic adjustments to reflect economic and other conditions, are:

³ Including, but not limited to, the requirements set forth in Local Rule 2016-2(e).

⁴ While it is not anticipated that many timekeepers from Fulbright offices other than New York will be involved to a significant extent in this chapter 11 case, any such timekeepers will be charged at hourly rates then in effect in such offices.

Partners	\$505-\$955
Counsel	\$375-\$775
Associates	\$300-\$675
Paralegals	\$210-\$395

The Firm's standard hourly rates are set at a level designed to compensate fairly the Firm for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses.⁵

21. In connection with the reimbursement of actual, necessary expenses, the Debtors have been informed that it is the Firm's policy to charge its clients in all areas of practice for expenses and charges incurred in connection with the clients' cases. The expenses generally charged to Fulbright's clients include, among other things, photocopying, long distance telephone calls, facsimile transmissions, messengers, courier mail, computer and electronic research time, word processing, secretarial and temporary employees, overtime meals, overtime and late night transportation, travel, lodging, food charges for business meetings, postage, printing, transcripts, filing fees, and document retrieval. The Debtors have been informed that the Firm believes it is fairer to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all of its clients. The Debtors have been assured that Fulbright will charge the Debtors for these expenses in a manner and at rates consistent with charges generally made to the Firm's other clients and the United States Trustee's Guidelines and the orders and rules of this Court.

22. As discussed in the Application, prior to the commencement of this chapter 11 case, Fulbright became familiar with the Debtors' businesses and many of the potential legal

⁵ Fulbright periodically adjusts its firm-wide billing rates to reflect economic changes in the market in which it operates. While no such adjustment will be applied specifically to the Debtors alone, Fulbright anticipates that any such firm-wide adjustment will also apply to the Debtors and will be reflected in fee applications submitted to the Court.

issues that may arise in the context of these chapter 11 cases. In September 2011, Fulbright was retained by the Debtors to represent them with respect to an anticipated capital raise. Fulbright was paid \$21,179.63 for such services.

23. Thereafter, when it became evident that the Debtors would need financial restructuring and bankruptcy counsel and advice, Fulbright's engagement was expanded. Fulbright received a retainer for restructuring services of \$150,000 on December 16, 2011. Fulbright has advised the Debtors regarding various restructuring alternatives, including relating to its bankruptcy proceedings and other possible strategic alternatives.

24. Fulbright is not a creditor of the Debtors. Fulbright has been paid a total of \$879,515.39 through February 8, 2012. Fulbright has applied its retainer to its fees and expenses incurred and unpaid prior to the Petition Date.⁶ Any amount of outstanding pre-petition fees and expenses which exceed the retainer will be waived. To the extent that the retainer exceeds the pre-petition fees and expenses, any excess amounts will be applied to such post-petition allowances of compensation and reimbursement of expenses that are allowed by the Court.

25. No promises have been received by the Firm or any member, counsel, senior attorney, associate, or other employee thereof as to compensation or payment in connection with this case other than in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and orders of this Court. Fulbright has no agreement with any other entity to share with such entity any compensation received by the Firm in connection with services rendered and fees and/or expenses paid in this chapter 11 case.

⁶ Fulbright will make appropriate and timely disclosure to the Court of the same.

Supporting Authority

26. The Debtors seek retention of Fulbright as their attorneys pursuant to section 327(a) of the Bankruptcy Code, which provides that a debtor, subject to Court approval:

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor]'s duties under this title.

11 U.S.C. § 327(a).

27. Rule 2014(a) of the Bankruptcy Rules requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014.

28. The Debtors submit that for all the reasons stated above and in the Barrack Affidavit, the retention of Fulbright as counsel to the Debtors is warranted. Further, as stated in the Barrack Affidavit, Fulbright is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent an interest adverse to the Debtors' estates and has no connection to the Debtors, their creditors or their related parties except as may be disclosed in the Barrack Affidavit.

Notice

29. No trustee, examiner, or creditors' committee has been appointed in these chapter 11 cases. The Debtors have provided notice of this Motion to: (a) the Office of the U.S. Trustee for the Southern District of New York; (b) Debtors' secured lenders; (c) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims; and (d) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors respectfully submit that no further notice is necessary.

30. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

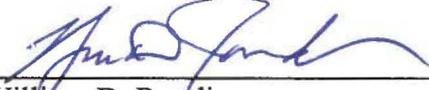
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WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: February 8, 2012

Respectfully submitted,

The Connaught Group, Ltd. (for itself and on behalf of its affiliated Debtors and Debtors in Possession)

By: 

William D. Rondina
Chief Executive Officer