

1 C. Taylor Ashworth (AZ Bar #010143)
Alan A. Meda (AZ Bar #009213)
2 Christopher C. Simpson (AZ Bar #018626)
3 **STINSON MORRISON HECKER LLP**
1850 N. Central Avenue, Suite 2100
4 Phoenix, Arizona 85004-4584
Tel: (602) 279-1600
5 Fax: (602) 240-6925

6 Attorneys for Debtor and Debtor in Possession

7 **IN THE UNITED STATES BANKRUPTCY COURT**

8 **FOR THE DISTRICT OF ARIZONA**

9 In re

10 GRANITE DELLS RANCH HOLDINGS, LLC

11 Debtor.

Chapter 11

Case No. 2:12-bk-04962-RTBP

12 **APPLICATION FOR RETENTION AND
EMPLOYMENT OF STINSON MORRISON
HECKER LLP AS COUNSEL FOR DEBTOR**

13 **Hearing Date: None Set**

14 Granite Dells Ranch Holdings, LLC ("**GDRH**" or "**Debtor**"), Debtor and Debtor-in-Possession,
15 through counsel, hereby requests entry of an Order authorizing and approving the employment of
16 Stinson Morrison Hecker LLP ("**SMH**") to represent the Debtor in all capacities, effective March 13,
17 2012, the Petition Date. In support of this Application, Debtor submits the Verified Statement of Alan
18 A. Meda, a partner at SMH, filed concurrently herewith. In further support of this Application, Debtor
19 represents as follows:

20 **Memorandum**

21 **I. JURISDICTION AND VENUE**

22 This Court has jurisdiction over the case pursuant to 28 U.S.C. §§ 157 and 1334. This matter
23 constitutes a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper in this Court pursuant to
24 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein is 11 U.S.C. §§ 327
25 and 329, and Fed. R. Bankr. P. 2014.
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1 **II. RELIEF REQUESTED**

2 By this Application, the Debtor seeks entry of an Order authorizing it to employ and retain
3 SMH as its bankruptcy and restructuring counsel to perform legal services as necessary in connection
4 with its Chapter 11 case pursuant to the terms set forth below and pursuant to the terms of an
5 engagement letter between the Debtor and SMH, a copy of which is attached hereto as **Exhibit A**.

6 The mailing address and telephone number of the attorneys at SMH set forth below are the
7 proposed lead attorneys of record for the Debtor in its Chapter 11 Case:

8 C. Taylor Ashworth, Esq.
9 Alan A. Meda, Esq.
10 Christopher C. Simpson, Esq.
11 STINSON MORRISON HECKER LLP
12 1850 N. Central Avenue, Suite 2100
13 Phoenix, Arizona 85004-4584
14 Tel: (602) 279-1600
15 Fax: (602) 240-6925
16 ameda@stinson.com
17 csimpson@stinson.com

18 Other attorneys at SMH will participate in the representation of the Debtor, as necessary, in the
19 discretion of SMH and the Debtor.

20 **III. BASIS FOR RELIEF REQUESTED**

21 Section 327(a) of the Bankruptcy Code authorizes the debtor-in-possession, subject to the
22 Court's approval, to employ one or more professional persons, such as attorneys, accountants,
23 appraisers and auctioneers, to represent or perform services for the estate. SMH is especially suited to
24 perform these services for the Debtor. As a national firm, SMH has practice groups with expertise in
25 numerous areas which may prove significant in this case, such as bankruptcy and restructuring,
26 corporate finance, real estate, real estate finance, and commercial litigation. Messrs Ashworth, Meda
27 and Simpson, specifically, have extensive experience before this Court in representing debtors,
28 trustees, committees, and creditors in numerous bankruptcy matters.

IV. SMH'S QUALIFICATIONS AND SERVICES TO BE RENDERED

The Debtor has selected, and seeks to retain herein, the firm of SMH as its counsel due to
SMH's extensive experience and knowledge in the field of complex business reorganization under

1 Chapter 11 of the Bankruptcy Code. SMH has expertise, experience, and knowledge practicing before
2 numerous bankruptcy courts, and has represented debtors, trustees, committees, investors, shareholders
3 and purchasers in virtually all aspects of insolvency cases, including representation of debtors-in-
4 possession. SMH is a full-service law firm with broad experience and expertise in numerous legal
5 practice areas that will be relevant and advantageous to the Debtor during this reorganization, in
6 addition to reorganizing and restructuring, including litigation and transactional specialties.

7 The Debtor anticipates that SMH will render general legal services to the Debtor as needed
8 throughout the course of this Chapter 11 case, including bankruptcy/restructuring, corporate, tax and
9 litigation assistance and advice. In particular, it is anticipated that SMH will provide, among other
10 things, the following legal services to the Debtor:

- 11 • Advise the Debtor of its rights, power and duties in this case;
- 12 • Assist the Debtor in preparation of its voluntary Chapter 11 Petition and
13 Statements and Schedules;
- 14 • Assist the Debtor in the formulation, preparation and implementation of a plan
15 of reorganization and related disclosure statement, as well as such agreement(s),
if any, as may be necessary or proper to implement such plan;
- 16 • Assist the Debtor in conducting litigation and any other matters related to the
17 administration of Debtor's Chapter 11 case;
- 18 • Assist and advise the Debtor in its discussion with creditors relating to the
administration of this case and implementation of a plan of reorganization;
- 19 • Assist the Debtor in reviewing claims asserted against it and in negotiating with
20 claimants asserting such claims;
- 21 • Assist the Debtor in examining and investigating potential preferences,
22 fraudulent conveyances, and other causes of action;
- 23 • Represent the Debtor at all hearings and other proceedings;
- 24 • Review and analyze all motions, applications, orders and other pleadings and
papers filed with the Court, and advise the Debtor with respect thereto;
- 25 • Advise the Debtor concerning, and prepare on behalf of the Debtor, all motions,
26 applications, complaints, replies, objections, answers, draft orders, other
27 pleadings, notices and other documents that may be necessary and appropriate in
28 furtherance of the Debtor's interests, duties and objectives; and

- Perform such other legal services as may be required or appropriate in accordance with the Debtor's powers and duties under the Bankruptcy Code.

V. **DISINTERESTEDNESS OF SMH**

To the best of the Debtor's knowledge, information, and belief, other than as set forth below and/or contained in the Verified Statement filed with this Court pursuant to Fed. R. Bankr. P. 2014 filed herewith (the "Verified Statement"), and in connection with the retention proposed herein, SMH has no connection with the Debtor, its creditors, its attorneys, the U.S. Trustee or any other party with an actual or potential interest in this Chapter 11 case.

To the best of the Debtor's knowledge, information and belief, SMH qualifies as a "disinterested person" as defined in Bankruptcy Code § 101(14). The Debtor further submits that the employment of SMH would be in the best interest of the Debtor and its estate and creditors.

SMH will periodically review its files 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 relationship are discovered or arise, SMH will use reasonable efforts to identify such further development and will file promptly a supplement declaration, as required by Fed. R. Bankr. P. 2014.

VI. **PROFESSIONAL COMPENSATION**

The Debtor seeks to retain and employ SMH on an hourly basis at rates consistent with those that SMH routinely charges in comparable matters.

The terms of employment for SMH agreed to by the Debtor, subject to Court approval, are that certain attorneys and paralegals within the firm will undertake the representation at their regular hourly rates for attorneys ranging from \$190.00 to \$650.00 and for paralegals and other legal assistants from \$95 to \$225. These rates may change from time to time in accordance with SMH's established billing practices and procedures. SMH will maintain detailed, contemporaneous records of its time and any actual and necessary expenses incurred in connection with the rendering of the legal services described above by category and nature of the services rendered.

In addition to the hourly rates charged for the services of SMH professionals, and consistent with SMH's policy with respect to their other clients, SMH will also charge the Debtor for all other charges, expenses and disbursements incurred during representation of the Debtor.

1 On March 9, 2012, the Debtor engaged SMH and provided SMH with a retainer in the amount
2 of \$50,000. SMH invoiced the Debtor for prepetition services rendered and applied \$20,000 from the
3 retainer towards payment of those prepetition services and applied \$1,039 for the filing fee for the
4 Debtor's petition, leaving the sum of \$28,961 in SMH's trust account. On March 13, 2012, SMH
5 received additional retainer funds from the Debtor in the amount of \$50,000, for a total retainer held on
6 the petition date of \$78,961. The sum of \$78,961 remains in SMH's trust account to be applied to
7 approved post-petition fees and expenses. Additionally, the Debtor has agreed to provide an additional
8 \$100,000 during the initial weeks of the bankruptcy.

9 As of the Petition Date, SMH has been paid for all known fees and reimbursed for all known
10 expenses incurred for prepetition services. SMH will retain all funds received from the Debtor in its
11 trust account pending this Court's approval of SMH's interim applications for compensation.

12 **VII. CONCLUSION**

13 WHEREFORE, the Debtor respectfully requests that Stinson Morrison Hecker LLP be
14 employed as counsel for the Debtor, and that the Debtor be authorized to employ Stinson Morrison
15 Hecker LLP to serve as bankruptcy counsel to the Debtor and Debtor-in-Possession and that the terms
16 specified in this Application be approved by this Court effective March 13, 2012.

17 RESPECTFULLY SUBMITTED this March 14, 2012.

18 **STINSON MORRISON HECKER LLP**

19 By: /s/ Christopher Simpson, #018626

20 C. Taylor Ashworth
21 Alan A. Meda
22 Christopher C. Simpson
23 1850 N. Central Avenue, Suite 2100
24 Phoenix, Arizona 85004-4584
25 Attorneys for Debtor

26 COPY of the foregoing sent this March 14, 2012, to
27 Creditors Holding 20 Largest Unsecured Claims,
28 and:

Office of the US Trustee
230 N First Ave #204
Phoenix AZ 85003-1706
ustpreion14.px.ecf@usdoj.gov

1 Donald L. Gaffney, Esq.
Benjamin W. Reeves, Esq.
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6 eobrien@swlaw.com
Attorneys for Arizona ECO Development, LLC

7
8 /s/ Anne Finch
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EXHIBIT A



March 13, 2012

Gary Burton
Granite Dells Ranch Holdings, LLC
15300 N 90th St, Suite 200
Scottsdale, AZ 85260

Re: Chapter 11 Bankruptcy Filing of Granite Dells Ranch Holdings, LLC
(the "Matter")

Dear Gary:

You have requested that we serve as counsel in the above-referenced Matter. I am submitting this letter to you to serve as the written agreement for our firm's engagement to provide legal services concerning the Matter. We look forward to serving as counsel in this engagement.

Subject to the approval by the Bankruptcy Court of our application to be employed as counsel for Debtor and Debtor-in-Possession, Granite Dells Ranch Holdings, LLC will be our client in this engagement. Alan Meda will be responsible for the engagement on behalf of our firm. The scope of this engagement will be limited to the provision of legal services for the Matter described above. Our fees for this engagement will be based upon and billed at our standard hourly rates for the time devoted to it. In addition, we will bill for or request direct payment for disbursements or expenses that we incur, including delivery charges, photocopy or reproduction costs, computerized legal research charges, filing fees and travel expenses, if any. The enclosed Additional Terms of Engagement shall govern the relationship unless otherwise agreed in this engagement letter, or as may otherwise be ordered by the Bankruptcy Court.

PLEASE NOTE THAT THE ADDITIONAL TERMS OF ENGAGEMENT THAT WE ASK YOU TO AGREE TO INCLUDE A PROVISION CONCERNING MANDATORY BINDING ARBITRATION OF ANY DISPUTES ABOUT OUR FEES OR OTHER CHARGES. We have included this provision to resolve any such disputes quickly, efficiently and in a less public forum than in court, but it does cause both parties to give up rights they would otherwise have to bring an action in court. Please read this provision and the explanatory statement that accompanies it, and we advise you to seek separate counsel concerning whether you should agree to it. If you do not wish this provision to be a part of your agreement with us, please advise us before you sign this letter.

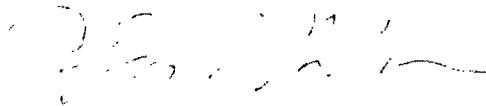
We have received a retainer in the amount of \$100,000, a portion of which has been applied to pre-petition fees and costs. The remaining funds will remain in our trust

account and will be applied as authorized by the Bankruptcy Court or as otherwise permitted under applicable law. In addition, the client has agreed to provide an additional \$100,000 during the initial weeks of the bankruptcy proceeding, and we reserve the right to seek to withdraw from representation of the client if the client fails to provide the additional funds as agreed or otherwise fails to provide satisfactory arrangements for the payment of fees in excess of the retainer.

If you have any questions concerning the terms of our engagement, or if you ever have a question about our charges, or their reasonableness, please contact me at your convenience to discuss the matter. Our engagement as counsel will begin upon our receipt of a signed copy of this agreement (by fax, mail or hand) and confirmation of the receipt of the retainer. Thank you for choosing us as counsel. We look forward to a good and productive relationship.

Sincerely,

STINSON MORRISON HECKER LLP



C. Taylor Ashworth

CTA:tld

ACCEPTED AND AGREED
this 13th day of March, 2012:

Granite Dells Ranch Holdings, I.L.C

By: *CAVAN Management Services, L.L.C., Manager*

By: 

Name: Gary Burton

Title: Authorized Representative