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*Proposed Attorneys for the Debtors and
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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
 corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**APPLICATION OF DEBTORS FOR
 ORDER AUTHORIZING THE
 EMPLOYMENT OF KELLER
 BENVENUTTI KIM LLP AS
 GENERAL BANKRUPTCY COUNSEL
 TO THE DEBTORS**

[No Hearing Requested]

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.



LeFever Mattson, a California corporation (“LeFever Mattson”), and certain of its affiliates that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby apply (the “Application”) for entry of an order, pursuant to sections 327(a) and 330 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (i) authorizing the employment of Keller Benvenutti Kim LLP (“KBK” or the “Firm”) as the Debtors’ general bankruptcy counsel; and (ii) granting such other relief as the Court deems just and proper. The declaration of David A. Taylor (the “Taylor Declaration”) is being filed concurrently herewith in support of this Application. A proposed form of order granting the relief requested herein is attached hereto as **Exhibit A** (the “Proposed Order”). In further support of this Application, the Debtors rely on the *Declaration of Bradley D. Sharp in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) [Docket No. 5], which is fully incorporated herein by reference.

In further support of this Application, the Debtors respectfully represent as follows:

BACKGROUND

The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The statutory and legal predicates for the relief requested herein are sections 327(a) and 330 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016.

One Debtor, Windscape Apartments, LLC, filed a chapter 11 petition in this Court on August 6, 2024 (the “Windscape Petition Date”). LeFever Mattson and 57 other Debtors filed chapter 11 petitions in this Court on September 12, 2024 (the “LeFever Mattson Petition Date”). Two Debtors, Pinewood Condominiums, LP, and Ponderosa Pines, LP, filed chapter 11 petitions in this Court on October 2, 2024 (the “Pinewood-Ponderosa Petition Date,” and, together with the

Windscape Petition Date and the LeFever Mattson Petition Date, the “Petition Dates”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On October 9, 2024, the United States Trustee appointed an official committee of unsecured creditors in the Chapter 11 Cases (the “Committee”) [Dkt. No. 135]. As of this filing, no proposed counsel has appeared in the Chapter 11 Cases for the Committee.

Additional factual background relating to the Debtors’ businesses, capital structure, and the commencement of these Chapter 11 Cases is set forth in detail in the First Day Declaration.

RELIEF REQUESTED

By this Application, the Debtors respectfully request that the Court enter an order authorizing the Debtors to employ and retain KBK as their general bankruptcy counsel in these Chapter 11 Cases, effective as of their respective Petition Dates.¹

AUTHORITY FOR RELIEF REQUESTED

In accordance with Bankruptcy Rule 2014(a), this Application and the Taylor Declaration set forth the specific facts showing the necessity for KBK’s employment; the reasons for the Debtors’ selection of KBK as its general bankruptcy counsel in connection with these Chapter 11 Cases; the professional services proposed to be provided by KBK; the arrangement between the Debtors and KBK with respect to the Firm’s compensation (as well as the reasonableness thereof); and to the best of the Debtors’ knowledge, the extent of KBK’s connections, if any, to certain parties in interest in this matter.

QUALIFICATIONS

After careful and diligent inquiry into the qualifications and connections of the Firm, the Debtors retained KBK as their general bankruptcy counsel in these cases, subject to the approval of this Court. The attorneys at KBK are admitted to practice before this Court, and the Debtors

¹ The Debtors understand that KBK will apply for compensation and reimbursement of expenses for services provided as counsel to Windscape Apartments, LLC for the period between the Windscape Petition Date and the LeFever Mattson Petition Date. The Debtors believe that no other professionals to be employed in these Chapter 11 Cases will apply for compensation during this period.

have found KBK to be well qualified to represent them by reason of the Firm's attorneys' ability, integrity, and professional experience. KBK is a law firm practicing in the areas of bankruptcy and restructuring with a thorough understanding of local practices and precedent. The attorneys at KBK have served as counsel to debtors, creditors, and creditors' committees before this Court and other courts throughout the nation and expect to be familiar with and/or able to represent the Debtors competently in virtually all aspects that may arise in these Chapter 11 Cases. The Debtors believe that KBK is well qualified to provide effective and efficient services in these Chapter 11 Cases.

SERVICES TO BE RENDERED

The Debtors seek to employ and retain KBK as their general bankruptcy counsel pursuant to the terms of this Application and the parties' bankruptcy engagement letter dated June 6, 2024, a copy of which is attached to the Proposed Order as **Exhibit 1** (the "Engagement Letter"). Such retention is appropriate and necessary to enable the Debtors to execute faithfully their duties as debtors and debtors in possession and to implement a successful plan which will include the eventual sale, or series of sales, of the Debtors' assets. The Engagement Letter describes, among other things, (a) legal services that the Firm anticipates performing for the Debtors as needed throughout the course of these Chapter 11 Cases, and (b) the terms and conditions of KBK's proposed engagement by the Debtors.

The Debtors anticipate that KBK will perform, among others, the following legal services relating to these Chapter 11 Cases:

- (a) advising the Debtors of their rights, powers, and duties as debtors and debtors in possession continuing to operate and manage their business and affairs under chapter 11 of the Bankruptcy Code;
- (b) preparing on behalf of the Debtors all necessary and appropriate applications, motions, proposed orders, other pleadings, notices, schedules, and other documents, and reviewing all financial and other reports to be filed in these Chapter 11 Cases;
- (c) advising the Debtors concerning, and preparing responses to, applications, motions, other pleadings, notices, and other papers that may be filed by other parties in these Chapter 11 Cases;

- (d) advising the Debtors with respect to, and assisting in the negotiation of, any financing agreements, sale agreements, and related transactions that may be necessary in these Chapter 11 Cases;
- (e) advising the Debtors regarding their ability to initiate actions to collect and recover property for the benefit of their estates;
- (f) advising and assisting the Debtors in connection with any asset dispositions;
- (g) advising and representing the Debtors with respect to employment related issues;
- (h) advising and assisting the Debtors in negotiations with the Debtors' stakeholders;
- (i) advising the Debtors concerning executory contract and unexpired lease assumptions, assignments, and rejections;
- (j) advising the Debtors in connection with the formulation, negotiation, and promulgation of a plan or plans under the Bankruptcy Code, and related transactional documents;
- (k) assisting the Debtors in reviewing, estimating, and resolving claims asserted against the Debtors' estates;
- (l) commencing and conducting in this Court litigation that is necessary and appropriate to assert rights held by the Debtors, protect assets of the Debtors' estates, or otherwise further the goal of completing the Debtors' forthcoming plan;
- (m) providing non-bankruptcy services for the Debtors to the extent requested by the Debtors, including, among other things, advice related to corporate governance; and
- (n) performing all other necessary and appropriate legal services in connection with these Chapter 11 Cases for or on behalf of the Debtors.

The Debtors require knowledgeable counsel to render these services. KBK has obtained knowledge of the Debtors' business, financial, and legal affairs as a result of its representation of the Debtors prior to their Petition Dates. Accordingly, the Debtors respectfully submit that KBK is well qualified to perform these services and represent the Debtors' interests in these Chapter 11 Cases.

KBK will take the lead role in advising the Debtors on their overall strategy and the formulation and negotiation of a chapter 11 plan, as well as day-to-day case administration, operations, and proceedings. KBK will coordinate with any other professionals the Debtors may employ to avoid duplication of services and increase efficiency by providing services within the scope of their respective employment. The Debtors understand that KBK and any firms to be employed hereafter intend to address and allocate primary responsibility for different matters, in consultation with the Debtors or on a matter-by-matter basis as matters arise. Accordingly, the employment of KBK will enhance and will not duplicate the efforts of any other professionals who may be retained by the Debtors.

COMPENSATION AND FEE APPLICATIONS

A. KBK Rates

Subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, and the United States Bankruptcy Court Northern District of California Guidelines for Compensation and Expense Reimbursement of Professionals and Trustees effective February 19, 2014 (the “Local Guidelines”), KBK will charge for its legal services on an hourly basis in accordance with the ordinary and customary hourly rates in effect as of January 1, 2024, as revised from time to time. KBK’s hourly fees are competitive with those charged by attorneys of similar experience for engagements of scope and complexity similar to these Chapter 11 Cases. KBK will also seek reimbursement of actual and necessary out-of-pocket expenses in accordance with regular KBK policies. KBK’s disbursement policies pass through all out-of-pocket expenses at actual cost, or at estimated actual cost when the actual cost is difficult to determine. These expenses include photocopying, express or overnight delivery charges, facsimiles, toll calls, overtime meals, computerized research, deliveries, court costs, transcript fees, travel, clerk fees, certain secretarial and other overtime expenses, and other expenses. For all of these reasons, the Debtors believe that KBK’s rates are reasonable.

The attorneys and legal professionals who KBK anticipates will or may work on these Chapter 11 Cases, and their current hourly rates, are as follows:

Tobias S. Keller (Partner): \$1000

David A. Taylor (Partner): \$800

Thomas B. Rupp (Senior Counsel): \$600
 Gabrielle L. Albert (Associate): \$650
 Alice Giang (Associate): \$425
 Colin Mitsuoka (Paralegal Trainee): \$200
 Priscila Chen Hsu (Paralegal Trainee): \$150

KBK 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 Bankruptcy Local Rules, the Local Guidelines, and any additional procedures that may be established by the Court in these Chapter 11 Cases. In this regard, KBK may apply to the Court to authorize an interim fee allowance procedure that will permit provisional monthly payment of a substantial portion of its fees and expenses, after notice but without a hearing. KBK has agreed to accept as compensation and reimbursement such sums as may be allowed by the Court. KBK understands that interim and final fee awards are subject to approval by this Court.

B. Prepetition Professional Compensation

KBK was initially retained by the Debtors on or about May 28, 2024, for the purpose of providing advice in connection with restructuring strategies as well as other possible alternative strategies for dealing with the Debtors' liquidity challenges. On June 6, 2024, KBK was then retained by the Debtors for the purpose of preparing for the filing of these Chapter 11 Cases and representing the Debtors in connection with the filing of these Chapter 11 Cases. The Engagement Letter supersedes any former engagement agreements between KBK and the Debtors.

The Debtors paid KBK \$599,711.97 in compensation within one year before the LeFever Mattson Petition Date. The balance remaining in KBK's trust account, for anticipated legal services to be rendered to the Debtors, is currently \$25,288.03. The source of the retainer payments was the Debtors' cash on hand.

DISINTERESTEDNESS

The Taylor Declaration discloses KBK's connections to the Debtors and parties in interest in this case and is incorporated herein by reference. Based upon the Taylor Declaration, KBK has concluded that it is a "disinterested person" as that term is defined in section 101(14) of the

1 Bankruptcy Code as modified by section 1107(b) of the Bankruptcy Code. KBK will conduct an
2 ongoing review of its files to ensure that no disqualifying circumstances arise. If any new relevant
3 facts or relationships are discovered, KBK will supplement its disclosure to the Court.

4 **NOTICE**

5 Notice of this Application will be provided to (i) the U.S. Trustee; (ii) the members of the
6 Committee, and (iii) those persons who have formally appeared in these Chapter 11 Cases and
7 requested service pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that no
8 further notice is required. No previous request for the relief sought herein has been made to this
9 or any other Court.

10 **WHEREFORE**, the Debtors respectfully request entry of an order, substantially in the
11 form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further
12 relief as the Court may deem just and appropriate.

13
14 Dated: October 10, 2024

KELLER BENVENUTTI KIM LLP

15
16 By: /s/ Thomas B. Rupp

17 Thomas B. Rupp

18 *Proposed Attorneys for the Debtors and*
19 *Debtors in Possession*
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Exhibit A
(Proposed Order)

KELLER BENVENUTTI KIM LLP
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*Proposed Attorneys for the Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] ORDER AUTHORIZING
THE EMPLOYMENT OF KELLER
BENVENUTTI KIM LLP AS
GENERAL BANKRUPTCY COUNSEL
TO THE DEBTORS**

[No Hearing Requested]

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Upon the Application dated as of October 10, 2024 (the “Application”)¹ of the Debtors for entry of an order, pursuant to sections 327(a) and 330 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), employing Keller Benvenutti Kim LLP (“KBK”) as general bankruptcy counsel to the Debtors in these Chapter 11 Cases; and this Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”); and consideration of the Application and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found and determined that notice of the Application as provided to the parties listed therein is reasonable and sufficient under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Application, the First Day Declaration, and the Taylor Declaration; and this Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and it appearing that the relief requested in the Application is in the best interests of the Debtors, their estates, creditors, shareholders, and all parties in interest; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Application is granted.
2. The Debtors are authorized to employ Keller Benvenutti Kim LLP (“KBK”) as general bankruptcy counsel, effective as of the Petition Dates with respect to each Debtor, and in accordance with the terms of the Engagement Letter, a copy of which is attached hereto as

Exhibit 1.

¹ Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Application.

1 3. Compensation for fees and reimbursement of expenses are subject to Court
2 approval, and any request for allowance and payment of such fees and expenses shall be in
3 accordance with sections 330 and 331 of the Bankruptcy Code, the applicable Bankruptcy Rules,
4 the Bankruptcy Local Rules, the Local Guidelines, any administrative order governing
5 professional fees in this case, and any such procedures as may be fixed by order of this Court.

6 4. The Court shall retain jurisdiction with respect to all matters arising from or related
7 to the implementation and/or interpretation of this Order.

8 ** END OF ORDER **
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Exhibit 1
(Engagement Letter)

June 6, 2024

VIA EMAIL ONLY

LeFever Mattson, Inc.
6359 Auburn Blvd.
Citrus Heights, CA 95621
Attn: Scott Smith, General Counsel
Email: ssmith@lefma.com

Re: Retention of Keller Benvenutti Kim LLP

Dear Scott:

This letter confirms the scope, terms, and conditions of our engagement by LeFever Mattson, Inc., and certain of its controlled subsidiaries¹ (collectively, “LeFever Mattson” or “you”), to advise it concerning liquidity and liquidity planning and certain strategic alternatives. The scope of our services is described in paragraph 1 below. Thank you for retaining Keller Benvenutti Kim LLP (“KBK,” “we,” or “us”) in this engagement and for your consideration and cooperation concerning the matters covered in this letter. This letter agreement replaces and supersedes, in its entirety, our engagement agreement dated May 28, 2024.

1. Scope of and Limitations on Engagement and Client Relationship

You have retained us to represent LeFever Mattson as general bankruptcy counsel in reviewing the prospect of, preparing for and, if necessary, filing of a chapter 11 case or cases in the United States Bankruptcy Court (the “Bankruptcy Court”); and thereafter representing LeFever Mattson throughout the course of the case or cases. In performing the services described here, our sole client will be LeFever Mattson. While our services and advice may benefit or otherwise affect other affiliated persons or entities, we are not agreeing to represent, and are not entering into an attorney-client relationship with, any affiliates of LeFever Mattson, or any directors, equity owners, officers, or employees of LeFever Mattson, or any of their affiliates. We are also not agreeing by this letter to represent LeFever Mattson in any proceedings before a court, arbitration panel, or any other formal or informal tribunal or decision-making body or governmental agency other than the Bankruptcy Court and courts hearing appeals therefrom.

Any new or expanded engagement beyond that described above, including the representation of any additional persons or entities, or the agreement to expand the subject of our representation or the scope of or services, will require a new and separate agreement. We understand that you have advised, or will advise, other involved parties that this representation is

¹ These controlled subsidiaries include, but are not limited to, Divi Divi Tree, LP. Our preparation of LeFever Mattson for a potential chapter 11 filing will include assisting you in determining which controlled subsidiaries should file. We will update this agreement immediately prior to any Chapter 11 filing with a list of controlled subsidiaries that intend to file.

only of LeFever Mattson and that this engagement does not include any undertaking by KBK to represent any of them or create any attorney/client relationship between KBK and any of them.

2. Staffing

I will have primary responsibility for this engagement. I reserve the right to seek the further assistance of such other KBK lawyers and service personnel as we deem appropriate from time to time in order to provide high-quality services in a cost-efficient manner.

3. Potentially Adverse Representations or Conflicts of Interest

We previously performed a conflict check and determined that we had no matters or relationships that posed a conflict with LeFever Mattson or the other parties we have identified. We are supplementing that conflict check now.² It is possible that during the time we are working for you, an existing or future client may seek to engage us in connection with an actual or potential transaction, or a pending or potential litigation, or another dispute resolution proceeding in which such client's interests are, or potentially may become, adverse to your interests.

Should such a situation arise, we would be unable to take on the adverse representation without obtaining your informed consent, and you have the right to withhold your consent. Should we request that you consent to an adverse representation, you agree to consider our request with an open mind in good faith so long as the subject matter of the proposed adverse representation is not substantially related to this engagement. Under the applicable legal ethics rules, you will nevertheless retain the right to decline our request for any reason, or for no reason. In the same vein, as a matter of professional responsibility, we may be unable to, or may elect not to, represent you in commencing litigation against a then-current client.

Conflict Issues Specific to Joint Representation. The California Rules of Professional Conduct regulate the professional conduct of members of the California State Bar. Rule 1.7 provides in pertinent part:

(a) A lawyer shall not, without informed written consent from each client and compliance with paragraph (d), represent a client if the representation is directly adverse to another client in the same or a separate matter.

(b) A lawyer shall not, without informed written consent from each affected client and compliance with paragraph (d), represent a client if there is a significant risk the lawyer's representation of the client will be materially limited by the lawyer's responsibilities to or relationships with another client, a former client or a third person, or by the lawyer's own interests.

Joint representation entails certain advantages and disadvantages that you should consider before you decide whether to consent to this joint representation. The advantage to joint representation with respect to a matter such as this one is primarily cost savings. The disadvantages

² We are completing a thorough conflict check and, as required by the Bankruptcy Code, we will file a detailed declaration setting forth the nature and extent of our final conflict analysis.

are that, because one firm is representing multiple entities, no entity has its own separate counsel looking out solely for its individual interests in the matter, from the perspective of any unique circumstances of that entity. Moreover, each of the entities is entitled to all of the information that is shared between it and KBK; there is no attorney-client privilege between KBK and just one of them, even though the attorney-client privilege remains in full force as to any outside parties. In other words, unlike the case in which each party has its own separate attorney, as between them, there is no confidentiality regarding any of the represented entities' communications with KBK, and if any of them tells me or anyone else in KBK something regarding this matter (even if communicated in confidence), it understands and agrees that KBK may share such communication with the other represented entities. However, no information protected by the attorney-client privilege when KBK is representing all of the represented entities will be disclosed to anyone other than to you.

While we are not aware of and do not anticipate any adversity among the represented entities, it is possible that a conflict or an alleged conflict could arise between or among them. The possibility exists that their interests could be or become adverse to each other through some change of circumstances or through the discovery of additional pertinent information. For example, a conflict could develop if one of them desires to pursue one course of action and the other desires to pursue another, or a third party sues one, but not all, of them. In the event of such an adversity, we would not be able to represent either of their respective interests against the other and, further, should such a conflict arise, it is at least theoretically possible that one of them could require KBK to withdraw from this representation without the other's consent.

Notwithstanding these risks, you have advised us that in this matter at the present time you do not desire to seek other counsel but instead you desire that we represent the multiple interests of all of the represented entities. Because their interests may become inconsistent, under the ethical standards discussed above we are required to bring this matter to your attention and to obtain your consent before representing you in the matter described above. By signing and returning to us the agreement and consent set forth in this letter, you consent to such arrangement and waive any conflicts regarding this arrangement. Notwithstanding such waiver and consent, depending on the circumstances, there remains some degree of risk that we would be disqualified from representing you in the event of a dispute.

4. Fees and Disbursements

Our fees are generally determined by the time devoted by each lawyer or other service provider involved in the engagement and the hourly billing rates assigned to each such person. My current hourly rate is \$800 per hour, while other lawyers likely to assist me have rates ranging from \$425 per hour to \$1,000 per hour. We reserve the right to use those other attorneys should we determine that such assistance would be efficient. Our hourly rates are revised periodically, typically effective January 1, and we reserve the right to revise them from time to time during our representation of LeFever Mattson. We will submit periodic billing statements (generally monthly), which will be an obligation of LeFever Mattson to the extent the retainer funds are insufficient or otherwise unavailable to pay them. Unless we specifically agree, any fee estimate that we may provide is not a commitment to perform the services within a fixed time or for a fixed fee.

In addition to our fees, we expect our clients to defray certain costs and expenses incurred during our representation of them. Please note that although our charges for non-cash costs incurred by KBK reflect our good faith estimate of our actual, fully absorbed, out-of-pocket costs, those estimates may differ from our actual costs. Normally, disbursements and charges will be subject to reimbursement from you in the regular billing cycle. In some circumstances, however, such as in the case of particularly large expense items, we may ask you to pay these items directly or in advance.

5. Advance for Fees and Expenses.

As a condition to our obligation to perform services under this letter agreement, LeFever Mattson has agreed to pay an advance, payable upon your execution of this letter, of \$300,000. This amount will serve as an advance payment of our fees and expenses; it will be deposited upon receipt into, and held in, our trust account. (We note that this advance is separate and apart from any chapter 11 filing fees, which will be paid directly by LeFever Mattson.) LeFever Mattson expressly grants us a security interest in these funds (including all future additions thereto) to secure full payment of our fees and expenses incurred and to be incurred. We will be authorized to apply these funds immediately prior to the commencement of the Bankruptcy Case, to pay the full estimated amount of our then-accrued but unpaid fees and expenses, with the objective of paying all pre-petition fees and expenses as of the commencement of the Bankruptcy Case. Any excess payment of pre-petition fees and expenses shall be credited against our post-petition fees and expenses.

We will be authorized to apply such funds to current fees and costs as incurred, subject to bankruptcy law limitations. At the conclusion of KBK's representation or as otherwise directed by the Bankruptcy Court or other court with jurisdiction over the Bankruptcy Case, the advances will be applied against our then-unpaid fees and expenses, and any unapplied portion will be promptly returned to LeFever Mattson. To the extent applicable, Rule 1.8.1 of the California Rules of Professional Conduct requires that we disclose that such interest could be deemed adverse to you by virtue of our ready access to funds in which you have a direct interest for purposes of enforcing our fee and expense claims, that you may seek the advice of an independent lawyer of your choice, and that you consent to our taking such interest in the advanced funds. By executing this letter, you are giving your knowing and voluntary consent to our taking this advance.

We will refund to you at the conclusion of our engagement any portion of the funds on deposit in excess of our outstanding unpaid fees (including any portion of our fees that are then disputed and the amount of any fees and expenses expected to be incurred prior to the termination of our retention).

6. Bankruptcy Case

Our employment by LeFever Mattson will be subject to the approval of the Bankruptcy Court. If necessary, we will modify the terms and conditions of our employment described above as may be required to comply with the applicable requirements of the bankruptcy process, including any orders of the Bankruptcy Court.

7. Respective Responsibilities of Attorney and Client

LeFever Mattson agrees to cooperate fully with KBK in connection with our representation of LeFever Mattson by providing KBK with information relevant to this engagement and by making LeFever Mattson's employees and representatives reasonably available for consultation and interviews to the extent necessary. We will keep you informed of developments as necessary to perform our services and will consult with you to ensure the timely and efficient completion of our work.

As with every KBK engagement, our representation will be conducted in accordance with the highest legal and ethical standards governing the practice of law. LeFever Mattson has the right to terminate our services at any time upon written notice. LeFever Mattson agrees to pay for all services rendered and costs or expenses paid or incurred prior to the date of such termination.

We will also have the right to withdraw from this representation if LeFever Mattson fails to comply with this agreement, if any fact or circumstance arises that would render our continuing representation unlawful or unethical, or for any other reason for which withdrawal is authorized or required under applicable law or rules of professional conduct, including LeFever Mattson's refusal to cooperate with us or to follow our advice on a material matter. In the event of our withdrawal, LeFever Mattson agrees to pay for all services rendered and costs or expenses paid or incurred prior to the date of such withdrawal.

8. Miscellaneous Issues.

a. Procedures upon Termination. Unless previously terminated, our representation of you will terminate upon our sending you our final statement for services rendered in this matter. In that case, or otherwise at your request, any papers and property sent by you to us will be returned to you. Our own files pertaining to the matter, including lawyer work product and administrative records, as well as document copies, will be retained by KBK in accordance with our document retention policy. All documents retained by us will be transmitted in the ordinary course to the person responsible for administering our records retention program. Subject to our obligations under applicable bar requirements, we reserve the right to destroy or otherwise dispose of any documents or other materials, including electronic versions, retained by us after the termination of the engagement.

b. Publicity. We are required to and will keep confidential any of your confidential information obtained in the course of our representation of you in the same manner and with the same degree of prudence as we keep our own confidential information. If and when our retention by you becomes a matter of public record, we reserve the right to identify you as a client in connection with our web site and similar disclosures regarding its experience and practice areas.

c. Audit Letter Issues. In responses to any of your requests to provide information to your auditors, our policy is to comply with the American Bar Association Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information regarding the scope and content of such responses, except when such Policy is clearly inapplicable.

d. Conflicts with the Bankruptcy Code. Nothing contained herein is intended to or shall operate to relieve KBK from complying with its obligations under applicable law, including bankruptcy laws, which will control in the event of a conflict with this letter.

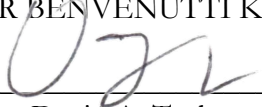
9. Governing Law

The laws of the State of California, without regard to conflict of law rules, shall govern the interpretation of this agreement.

Please sign and return to us a copy of this letter in order to confirm that it accurately reflects the scope, terms and conditions with respect to this engagement. If you would like to discuss any of these matters, please give me a call.

With best regards,

KELLER BENVENUTTI KIM LLP

By 
David A. Taylor

The foregoing is agreed and accepted.

LEFEVER MATTSON, INC.



By _____
Scott Smith
General Counsel