

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:
BISHOP OF THE ROMAN CATHOLIC
CHURCH OF THE DIOCESE OF GALLUP,
an Arizona corporation sole,

Case No. 13-13677-t11

Debtor

APPLICATION TO EMPLOY WALKER & ASSOCIATES, P.C.
AS BANKRUPTCY COUNSEL FOR DEBTOR

COMES NOW the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole (“Debtor”), pursuant to §§ 327(a), 328, and 329 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and other applicable law, if any, including, as relevant the Local Rules of the United States Bankruptcy Court, District of New Mexico (the “Local Rules”), and requests that the Court approve its employment of Walker & Associates, P.C. (“W&A”) as Debtor’s bankruptcy counsel in accordance with the terms and conditions set forth below. In support of this Application, Debtor submits the *Declaration of Thomas D. Walker in Connection with the Employment and Retention of Walker & Associates, P.C. as Attorneys for Debtor* (the “Walker Declaration”) attached to this Application as Exhibit A and states:

1. On November 12, 2013 (the “Petition Date”), Debtor commenced this bankruptcy case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.
2. Pursuant to Bankruptcy Code §§ 1107(a) and 1108, Debtor has retained possession of its assets as Debtor-in-possession and is authorized to operate its business.
3. No creditors’ committee has yet been appointed in this case by the Office of the United States Trustee, nor has any trustee or examiner been requested or appointed.

4. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and Miscellaneous Order No. 84-0324 filed in the United States District Court for the District of New Mexico on March 19, 1992. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

5. W&A has been retained by Debtor to provide legal services with respect to restructuring and bankruptcy advice, preparation of the requisite petitions, pleadings, exhibits, lists and schedules in connection with the commencement of this bankruptcy case and representation in this bankruptcy case. W&A's role is primarily as local counsel for Quarles & Brady LLP, which is lead counsel for Debtor and Debtor-in-Possession.

6. W&A has the necessary experience and background to deal effectively and efficiently with many of the potential legal issues and problems that may arise in the context of Debtor's Chapter 11 case. Debtor believes that W&A is both well-qualified and uniquely able to represent it in this bankruptcy case in a most efficient and timely manner.

7. The employment of W&A is appropriate and necessary to enable Debtor to execute faithfully its duties as a Debtor and Debtor-in-possession. Subject to further order of this Court, it is proposed that W&A be employed to:

- a. Represent and render legal advice to Debtor regarding all aspects of this bankruptcy case, including, without limitation, representing Debtor in hearings before this Court and drafting pleadings in furtherance of Debtor's bankruptcy case;
- b. Take necessary actions to protect and preserve Debtor's estate, including the prosecution of actions on Debtor's behalf, the defense of actions commenced against Debtor, the negotiation of disputes in which Debtor is

involved, and the preparation of objections to claims filed against the Debtor's estate;

- c. Provide legal advice with respect to Debtor's powers and duties as Debtor-in-possession in the continued operation of its activities;
- d. Prepare on behalf of Debtor necessary motions, applications, answers, orders, reports, and papers including Debtor's plan of reorganization and disclosure statement in connection with the administration and prosecution of Debtor's Chapter 11 case;
- e. Assist Debtor in connection with disposition of Debtor's assets, by sale or otherwise;
- f. Assist Debtor in the negotiation, preparation and confirmation of a plan or plans of reorganization and related transactions;
- g. Appear in Court to protect Debtor's interests before the Court;
- h. Assist Debtor with gathering information needed in this bankruptcy case; and
- i. Perform other necessary legal services in connection with this bankruptcy case.

8. It is necessary that Debtor employ attorneys to render the foregoing professional services. W&A has stated its desire and willingness to act in this bankruptcy case and render necessary professional services as attorneys for Debtor and Debtor-in-Possession.

9. The services provided by W&A will not duplicate or overlap the efforts of other professionals retained by the Debtor, including lead bankruptcy counsel.

10. To the best of Debtor's knowledge, information, and belief, after making reasonable inquiry, W&A has no connection with or any interest adverse to Debtor, its creditors, or any other party in interest, or its respective attorneys and accountants, the United States Trustee for the District of New Mexico, or any person employed in the Office of the United States Trustee. Accordingly, W&A is a "disinterested person" as such term is defined in § 101(14) of the Bankruptcy Code.

11. In light of the foregoing, Debtor believes that W&A is qualified to represent its interests and the interests of its estate.

12. Debtor understands that W&A intends to apply to the Court for allowances of compensation and reimbursement of expenses as permitted by and in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, Local Rule 2016-1.1, the United States Trustee guidelines, and the Court's orders, for services performed and expenses incurred on and after the Petition Date. The fee applications will contain a detailed statement showing services performed by W&A and compensation received in accordance with all applicable guidelines and Local Rule 2016-1.1.

13. Subject to Court approval, and to the extent it is able, Debtor proposes to pay W&A its customary hourly rates for services rendered that are in effect from time to time, as set forth in the W&A Declaration, and to reimburse W&A according to its customary reimbursement policies, subject to any applicable guidelines set forth by this Court or the United States Trustee, and submits that such rates are reasonable. W&A's attorneys who may perform legal services for the Debtor include Thomas D. Walker, whose hourly rate is \$250.00; Stephanie L. Schaeffer, whose hourly rate is \$200.00, Samuel I. Roybal, whose hourly rate is \$200.00, and Leslie D. Maxwell, whose hourly rate is \$175.00. Any other attorneys who may be employed by W&A would be

billed at their regular hourly rates. Law clerks and paralegals would be billed at \$75 to \$105 per hour.

14. W&A itemizes and charges separately for certain reasonable costs and expenses, which may include postage, long distance telephone charges, travel, filing fees, computerized legal research, deposition expenses, and expert witness fees, at W&A's actual cost. W&A also charges for telecopies, photocopies (\$0.10 per page), and gross receipts tax on fees and costs. Further, although considered normal expenses charged to its clients, W&A has informed Debtor that, limited to this bankruptcy case, it will not charge Debtor for any of the following services, pursuant to this Court's opinion in *In re Furr's Supermarkets, Inc.*, Case No. 11-01-10779 SA (Bankr. D.N.M. June 28, 2001): secretarial work, secretarial overtime, overtime meals, late work transportation allowances, and word processing, proofreading, or other miscellaneous support services.

15. If the application to employ W&A is granted, W&A will render monthly statements to Debtor and other parties in interest. W&A seeks authority to be paid monthly, upon receipt of W&A's billing statements and before the fees and costs are allowed, 75% of billed fees and 100% of billed costs and gross receipts tax, to be paid from funds of the estate. All fees, costs, and gross receipts tax would be subject to ultimate approval of the Bankruptcy Court under 11 U.S.C. §§ 328, 330, and 331. W&A's fee applications would contain a detailed statement showing services performed by W&A for compensation received.

16. On or about November 8, 2013, W&A received \$22,505.32 in payment for prepetition legal services rendered to Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole ("RCCDG"), the debtor in Case No. 13-13676-t11, proposed to be jointly administered, filed concurrently with this Case No. 13-13677-t11. The source of the prepetition

payment was RCCDG. W&A is not owed any amount by the Debtor or RCCDG for prepetition services.

17. Debtor has not paid and W&A has not received a pre-petition retainer in any amount.

18. Debtor requests the entry of an order, pursuant to §§ 327(a), 328, and 329 of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016, authorizing Debtor to employ and retain W&A as bankruptcy counsel effective as of the date this Application was filed.

WHEREFORE, Debtor respectfully requests that the Court grant the relief requested herein and any such other relief as the Court deems just and proper.

Respectfully submitted,

WALKER & ASSOCIATES, P.C.

By: /s/filed electronically

Thomas D. Walker

Stephanie L. Schaeffer

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*Proposed Counsel for the Bishop of the Roman
Catholic Church of the Diocese of Gallup*

CERTIFICATE OF SERVICE

In accordance with NM LBR 9036-1 and Fed. R. Civ. P. 5(b)(2)(E), this certifies that service of the foregoing pleading was made this 12th day of November, 2013, via the notice transmission facilities of the case management and electronic filing system of the Bankruptcy Court.

/s/filed electronically

Thomas D. Walker

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:
BISHOP OF THE ROMAN CATHOLIC CHURCH
OF THE DIOCESE OF GALLUP,
an Arizona corporation sole,

Case No. 13-13677-t11

Debtor.

**VERIFIED DISCLOSURE OF THOMAS D. WALKER REGARDING APPLICATION
TO EMPLOY WALKER & ASSOCIATES, P.C. AS COUNSEL FOR DEBTOR
PURSUANT TO FED. R. BANKR. P. 2014 AND 2016 AND 11 U.S.C. § 329**

I, Thomas D. Walker, hereby declare under penalty of perjury, pursuant to Fed. R. Bankr. P. 2014(a) and 2016(b):

1. I am over the age of 18 years, have personal knowledge of the following statements and am competent to testify to the following statements.

2. I am an attorney with the law firm of Walker & Associates, P.C. (“W&A”). I am admitted to practice before the bar in the state of New Mexico, as well as the United States District Court for the State of New Mexico, and the United States Court of Appeals for the Tenth Circuit. I am a member in good standing in each of those bars.

3. I am filing this declaration in support of the application of the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole (the “Debtor”) for entry of an order authorizing the retention and employment of W&A as attorneys for Debtor in this Chapter 11 case (the “W&A Application”).

4. This declaration is submitted also as the statement required pursuant to §§ 328, 329, and 504 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedures (the

“Bankruptcy Rules”) and Local Rule 2016-1.1 of the Local Rules of the United States Bankruptcy Court, District of New Mexico (the “Local Rules”).

5. As set forth in more detail below, since July 2013, W&A has advised the Debtor with respect to restructuring and bankruptcy advice, including preparation of the requisite petitions, pleadings, exhibits, lists, and schedules in connection with the commencement of Debtor’s Chapter 11 case.

6. W&A’s work for the Debtor has been almost entirely in the capacity as local counsel working with Susan G. Boswell, and other attorneys, at the firm of Quarles & Brady LLP.

Services to be provided

7. The professional services W&A will render to Debtor may include the following:
- a. Represent and render legal advice to Debtor regarding all aspects of this bankruptcy case, including, without limitation, representing Debtor in all hearings before this Court and drafting pleadings in furtherance of Debtor’s bankruptcy case;
 - b. Take all necessary actions to protect and preserve Debtor’s estate, including the prosecution of actions on Debtor’s behalf, the defense of any actions commenced against Debtor, the negotiation of disputes in which Debtor is involved, and the preparation of objections to claims filed against the Debtor’s estate;
 - c. Provide legal advice with respect to Debtor’s powers and duties as debtor-in-possession in the continued operation of its business;
 - d. Prepare on behalf of Debtor all necessary motions, applications, answers, orders, reports, and papers including Debtor’s plan of reorganization and disclosure statement in connection with the administration and prosecution of Debtor’s Chapter 11 case;

- e. Assist Debtor in connection with any disposition of Debtor's assets, by sale or otherwise;
 - f. Assist Debtor in the negotiation, preparation and confirmation of a plan or plans of reorganization and all related transactions;
 - g. Appear in Court to protect Debtor's interests before the Court;
 - h. Assist Debtor with gathering information needed in this bankruptcy case;
- and
- i. Perform all other necessary legal services in connection with this bankruptcy case.

Professional Compensation

8. Compensation paid to W&A for services rendered in connection with this case is to be a reasonable fee, based upon customary hourly rates normally charged to clients of W&A and customary hourly rates charged within the District of New Mexico. All amounts paid by Debtor postpetition to W&A shall be subject to ultimate approval of the Bankruptcy Court under 11 U.S.C. §§ 328, 330 and 331. W&A did not receive a prepetition retainer.

9. W&A will charge the Debtor hourly rates of \$250.00 for Thomas D. Walker, \$200.00 for Stephanie L. Schaeffer and Samuel I. Roybal. Other attorneys may work on the case at hourly rates from \$125.00 to \$200.00. Law clerks and paralegals may work on the case at the rate of \$75-\$105 per hour. Hourly rates will be charged based on the individual's normal billing rate, expertise, and experience. W&A reserves the right to change its hourly rates, and shall notify Debtor and obtain any required Court approval in advance of any rate increases before the increase goes into effect.

10. W&A itemizes and charges separately for certain costs and expenses, such as postage, long distance telephone charges, travel, filing fees, court fees, deposition expenses, computerized legal research, and expert witness fees, all at cost, and telecopy charges (\$.15 per page) and photocopying (\$.10 per page). W&A does not charge separately for word processing, in town messenger service, or secretarial overtime, all of which are included as part of its overhead.

11. W&A has informed Debtor that, limited to this bankruptcy case, it will not charge Debtor for any of the following services, pursuant to this Court's opinion in *In re Furr's Supermarkets, Inc.*, Case No. 11-01-10779 SA (Bankr. D.N.M. June 28, 2001): secretarial work, secretarial overtime, overtime meals, late work transportation allowances, and word processing, proofreading, or other miscellaneous support services.

12. No promises have been received by W&A or any attorney or professional of W&A as to payment of compensation in connection with this case in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Court's orders. W&A has no agreement with any other entity to share with such entity any compensation received by W&A, except as permitted under § 504(b)(1) of the Bankruptcy Code.

13. Debtor will be the source of payment of compensation to W&A, subject to court approval. No compensation for legal services rendered and reimbursement of expenses incurred in representation of Debtor has been promised to W&A from any source other than Debtor. W&A has not agreed, and will not agree, to share compensation with any person or entity except employees of W&A.

14. W&A requests that it be paid by Debtor on a monthly basis, upon receipt of W&A's billing statements and prior to the Court's allowance of W&A's compensation, seventy-

five percent (75%) of billed fees, one hundred percent (100%) of reimbursable costs and one hundred percent (100%) of applicable gross receipts tax on fees and costs that are paid.

15. W&A intends to apply for compensation for professional services to be rendered in connection with this Chapter 11 case and for reimbursement of expenses incurred, no less frequently than every 180 days, in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the guidelines established by the Office of the United States Trustee and the Court's orders, on an hourly basis, plus reimbursement of actual, necessary expenses and other charges that W&A incurs.

Disinterestedness

16. W&A is required to disclose to this Court any and all connections with Debtor, its creditors, other parties in interest, their respective attorneys and accountants, the U.S. Trustee, or any person employed in the office of the U.S. Trustee.

17. W&A has no connections with Debtor aside from W&A's representation of Debtor as counsel pre-petition and its proposed representation of Debtor post-petition. W&A provided legal services to Debtor prior to the Petition Date in connection with, among other things, analyzing and advising as to options, advising with respect to bankruptcy preparations and procedures, preparing for the bankruptcy filing, assisting with all prepetition planning, and drafting the first day pleadings.

18. On or about November 8, 2013, W&A received \$22,505.32 in payment for prepetition legal services rendered to Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole ("RCCDG"), the debtor in Case No. 13-13676-t11, proposed to be jointly administered and filed concurrently with this Case No. 13-13677-t11. The source of the

prepetition payment was RCCDG. W&A is not owed any amount by the Debtor or RCCDG for prepetition services.

19. W&A's connections with the office of the U.S. Trustee and any of its employees extend only to W&A's involvement as counsel for debtors, trustees and creditors in other cases in the Bankruptcy Court.

20. W&A does not represent any of Debtor's known creditors or any of their known attorneys, and W&A does not have an insider relationship, as "insider" is defined in § 101(31) of the Bankruptcy Code, with any of Debtor's known creditors or any of their known attorneys, to the best of W&A's knowledge, after reasonable due diligence. In connection herewith, W&A performed a review of the connections and relationships between W&A and Debtor's known secured creditors, Debtor's twenty largest unsecured creditors, and Debtor's officers, directors, and significant equity holders, as well as other parties in interest with respect to the Chapter 11 case. In conducting this review, W&A searched its database of clients and opposing parties for the names of the foregoing parties. In light of the extensive number of creditors and other parties in interest, W&A has been unable to conclusively identify all potential relationships. However, to the extent that W&A becomes aware of any additional relationships, W&A will promptly file a supplemental declaration.

21. Based upon the information available to me, after following the procedures described herein, and except as otherwise described herein, W&A holds no interest adverse as to Debtor with respect to the matters for which it is to be employed. Accordingly, I submit that W&A is a "disinterested person" as that term is defined in § 101(14) of the Bankruptcy Code, as modified by § 1107(b) of the Bankruptcy Code.

22. In addition, W&A or its employees may subscribe to telephone and other utility services, and may purchase other goods and/or services, from vendors of Debtor.

23. Based upon the foregoing, I respectfully submit that the requirements for W&A's retention as attorneys for Debtor have been met.

The undersigned verifies under penalty of perjury that the above is true and correct.

Dated: November 12, 2013.

/s/ Thomas D. Walker
Thomas D. Walker

FILED BY:
WALKER & ASSOCIATES, P.C.

By: /s/ filed electronically
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*Proposed Counsel for the Bishop of the Roman
Catholic Church Diocese of Gallup*

CERTIFICATE OF SERVICE

In accordance with NM LBR 9036-1 and Fed. R. Civ. P. 5(b)(2)(E), this certifies that service of the foregoing pleading was made this 12th day of November, 2013, via the notice transmission facilities of the case management and electronic filing system of the Bankruptcy Court.

/s/ Thomas D. Walker
Thomas D. Walker
Proposed Counsel for Debtor