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9 Attorneys Heller Ehrman LLP,
Debtor and Debtor in Possession

10 **UNITED STATES BANKRUPTCY COURT**
11 **NORTHERN DISTRICT OF CALIFORNIA**
12 **SAN FRANCISCO DIVISION**

13 In re:
14 Heller Ehrman LLP,
15 Debtor

Case No.: 08-32514

Chapter 11

**MOTION TO SELL FURNITURE,
FIXTURES AND EQUIPMENT IN
SAN FRANCISCO TO QUALITY
OFFICE LIQUIDATIONS, INC.
FREE AND CLEAR OF LIENS,
CLAIMS, ENCUMBRANCES AND
OTHER INTERESTS**

B.L.R. 6004-1 Disclosure:¹

- * Bank of America, NT&SA, for itself or as agent
- * CitiBank, N.A;
- * Williams Lea Inc.
- * 333 Bush Associates NF L.P.
- * Silicon Valley Bank

Date: To be Announced
Time: To be Announced
Place: U. S. Bankruptcy Court
235 Pine Street, 22nd Floor
San Francisco, CA
Judge: Honorable Dennis Montali

1 This is for notice purposes only. It is not intended as an admission that any of the parties listed have valid liens on the assets at issue. The Debtor expressly reserves all rights to contest the validity of any liens asserted against such assets.

1 **TO THE HONORABLE DENNIS MONTALI, THE OFFICIAL COMMITTEE OF**
2 **UNSECURED CREDITORS, THE OFFICE OF THE UNITED STATES TRUSTEE, AND**
3 **THE FOLLOWING SPECIFICALLY NAMED POTENTIAL HOLDERS OF LIENS,**
4 **CLAIMS, ENCUMBRANCES OR INTERESTS IN THE DEBTOR'S FURNITURE,**
5 **FIXTURES AND EQUIPMENT LOCATED AT 333 BUSH STREET -- BANK OF**
6 **AMERICA, NT&SA, FOR ITSELF OR AS AGENT; CITIBANK, N.A; WILLIAMS LEA**
7 **INC.; 333 BUSH ASSOCIATES NF L.P.; SILICON VALLEY BANK, AND OTHER**
8 **PARTIES REQUESTING NOTICE PURSUANT TO BANKRUPTCY RULE 2002:**

9 Heller Ehrman, LLP, the debtor and debtor-in-possession herein (the "Debtor"), hereby
10 moves the Court (the "Motion") for an order authorizing the Debtor to sell the Debtor's furniture,
11 fixtures and equipment (the "FF&E") located at 333 Bush Street in San Francisco, California (the
12 "Leased Premises") to Quality Office Liquidations, Inc. ("QOL") free and clear of liens, claims and
13 interests as more specifically set forth below pursuant to Bankruptcy Code sections 363(b) and
14 363(f)(2) and (f)(4). This Motion is supported by the *Declaration of Kyle Everett in Support of the*
15 *Motion to Sell Furniture, Fixtures And Equipment in San Francisco to Quality Office Liquidations,*
16 *Inc. Free And Clear of Liens, Claims, Encumbrances and Other Interests* (the "Everett
17 Declaration"), filed and served herewith.

18 **WHEREFORE**, the Debtor respectfully requests that the Court grant this Motion in its
19 entirety and enter an order:

- 20 1. Authorizing the Debtor to enter into the QOL Agreement (Exhibits B and C to the
21 Everett Declaration);
- 22 2. Declaring, pursuant to 363(f) of the Bankruptcy Code, that QOL will be vested with
23 all right, title, and interest of the Debtor and the bankruptcy estate to the FF&E, free and clear of the
24 following liens (collectively, the "Affected Interests"): (a) the claims of creditors listed on the
25 Debtor's bankruptcy schedules, (b) the claims by parties who have filed claims or requests for
26 special notice with the Court, and (c) the liens, if any, of Bank of America, NT&SA, for itself or as
27 agent for CitiBank, N.A, Williams Lea Inc., 333 Bush Associates NF L.P, and/or Silicon Valley
28 Bank;
3. Declaring that all Affected Interests have been unconditionally released as to the
FF&E;
4. Ruling that QOL has not assumed any liabilities of the Debtor;
5. Authorizing the Debtor to execute any such releases, termination statements,

1 assignments, consents or instruments on behalf of any third party, including holders of any liens that
2 are necessary or appropriate to effectuate or consummate the on-site sales of FF&E contemplated by
3 the QOL Agreement;

4 6. Declaring that QOL is approved as a buyer in good faith in accordance with Section
5 363(m) of the Bankruptcy Code, and that QOL shall be entitled to all protections of Section 363(m)
6 of the Bankruptcy Code;

7 7. Providing that the Court's order shall be effective immediately upon entry and that no
8 automatic stay of execution, pursuant to Rule 62(a) of the Federal Rules of Civil Procedure, or
9 Bankruptcy Rules 6004(h) or 6006(d), applies with respect to the order;

10 8. Providing that this Court shall retain jurisdiction with respect to all matters arising
11 from or related to the implementation and interpretation of the order; and

12 9. For such other and further relief as the Court may deem just and proper.

13 Dated: April 24, 2009

PACHULSKI STANG ZIEHL & JONES LLP

14 By /s/ John D. Fiero

15 John D. Fiero (CA Bar No. 136557)
16 Kenneth H. Brown (CA Bar No. 100396)
17 Miriam P. Khatiblou (CA Bar No. 178584)
18 Teddy M. Kapur (CA Bar No. 242486)
19 Attorneys for Heller Ehrman LLP,
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16 **UNITED STATES BANKRUPTCY COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18 **SAN FRANCISCO DIVISION**

19 In re:
20 Heller Ehrman LLP,
21 Debtor.

22 Case No.: 08-32514

23 Chapter 11

24 **MEMORANDUM OF POINTS AND**
25 **AUTHORITIES IN SUPPORT OF**
26 **MOTION TO SELL FURNITURE,**
27 **FIXTURES AND EQUIPMENT IN**
28 **SAN FRANCISCO TO QUALITY**
OFFICE LIQUIDATIONS, INC.
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I.

INTRODUCTION

1
2
3 Heller Ehrman LLP (the “Debtor”) brings its motion (the “Motion”) to sell its office
4 furniture, fixtures and equipment located on floors 7 through 11, 27 through 34, and in storage
5 spaces on the Mezzanine Level and the 35th floor (the “FF&E”) of the office space the Debtor
6 occupies in the building located at 333 Bush Street in San Francisco, California (the “Premises”).
7 The Debtor seeks to sell the FF&E to Quality Office Liquidations, Inc. (“QOL”), which will then
8 conduct on-site liquidation sales of the FF&E. The Debtor requests that the sales be free and clear of
9 all liens, claims, interests and encumbrances and brings this Motion pursuant to sections 363(b) and
10 363(f)(2) and (f)(4) of the Bankruptcy Code. A reasonably complete list of the FF&E is attached as
11 Exhibit A to the *Declaration of Kyle Everett in Support of the Motion to Sell Furniture, Fixtures And*
12 *Equipment in San Francisco to Quality Office Liquidations, Inc. Free And Clear of Liens, Claims,*
13 *Encumbrances and Other Interests* (the “Everett Declaration”), filed and served herewith. *See*
14 *Everett Declaration ¶4.*

15 The Debtor has condensed its operations, and plans to vacate and empty the above-referenced
16 floors as part of its ongoing wind-down efforts. Accordingly, the Debtor seeks to sell the FF&E
17 through on-site sales as soon as practicable in order that it may vacate the Premises, and limit further
18 administrative rent. *Id.* The Debtor has examined the facts and circumstances underlying the sale of
19 the FF&E to QOL and determined in its business judgment that the transaction is fair and in the best
20 interests of the Debtor’s estate and its creditors.

21 II.

STATEMENT OF FACTS

22
23 On December 28, 2008 (the “Petition Date”), the Debtor filed a voluntary petition for relief
24 under Chapter 11 of the Bankruptcy Code. The Debtor has continued in possession of its property
25 and is operating and managing its business as debtor-in-possession pursuant to Sections 1107(a) and
26 1108 of the Bankruptcy Code. On January 5, 2009, the United States Trustee for this district
27 appointed an official committee of unsecured creditors (the “Committee”). No request has been
28 made for the appointment of a trustee or examiner. *See Everett Declaration ¶3.*

1 Development Specialists, Inc. (“DSI”), the Debtor’s financial advisor, solicited bids from
2 eight companies in the San Francisco area that specialize in liquidations and purchases of used
3 office furniture in connection with the sale of the FF&E. Five companies declined the bid on this
4 project due to poor market conditions and their lack of resources to handle a project of this large
5 scope. DSI received three bids and analyzed them by comparing the deal terms, conferring with
6 references, and seeking feedback from the Creditors Committee and Hines, the property manager
7 for the Premises. DSI determined that the bid submitted by QOL was the overall strongest bid, and
8 that bid was accepted by the Debtor on or about March 31, 2009. *See* Everett Declaration ¶5.

9 The Debtor and QOL seek to enter into an agreement to sell the FF&E to QOL, which will
10 then conduct on-site sales of the FF&E at the Premises. The details and mechanics of the
11 agreement that QOL and the Debtor seek to enter are set forth in the Quality Office Liquidations
12 Agreement and the Addendum to Quality Office Liquidations Agreement attached to the Everett
13 Declaration as Exhibits B and C, respectively (collectively, the “QOL Agreement”). Among other
14 terms in the QOL Agreement, QOL will guarantee to pay the Debtor \$28,960 for the FF&E. QOL
15 will conduct sales of the FF&E primarily at the Premises and charge a 20% commission on all
16 sales. QOL also will be entitled to reimbursement for actual expenses. Net profit of total sales,
17 which will be determined as gross sales less expenses, will be split 80% to the Debtor and 20% to
18 QOL. The Debtor will represent and warrant that it is the sole owner of the FF&E but will provide
19 no guarantees or warranties as to the condition or specific items included in the FF&E. All sales
20 will be AS IS, WHERE IS. QOL will provide DSI with invoices from on-site sales on a bi-weekly
21 basis, as well as detailed sales invoices for items that are removed from the Premises and sold at
22 QOL’s place of storage. *See* Everett Declaration ¶6.

23 QOL will assume responsibility for the loading, transportation and redistribution of all sold
24 furniture. QOL will also assume responsibility for all damage done to the Premises while moving
25 or de-installing any FF&E. *See* Everett Declaration ¶7. QOL will provide insurance
26 documentation in the aggregate of \$5 million to the building management at the Premises, and it
27 agrees to maintain a separate insurance policy and certificates that name the Debtor as a named
28 insured and loss payee. *See* Everett Declaration ¶8.

1 QOL has agreed to employ union workers in connection with disassembly of the FF&E.
2 Prior to entry to the Premises, any unions will be required to provide the appropriate evidence of
3 insurance as set forth in the building rules of the Premises. *See* Everett Declaration ¶9.

4 QOL has agreed to manage all on-site sales with the least possible disruption to the
5 Premises. No staging will be conducted in the lobby of the Premises. Except for the 10th floor of
6 the Premises, QOL agrees to remove all trash and FF&E from the Premises by May 31, 2009 and to
7 leave the Premises in broom-clean condition. The deadline for QOL to remove the FF&E from the
8 10th floor will be agreed to by QOL, the Debtor and Hines, but in no event will it be earlier than
9 May 31, 2009. In the event that any FF&E not on the 10th floor remains unsold sold on May 30,
10 2009, QOL will purchase any such remaining FF&E from the Debtor at the market price agreed to
11 by both parties in advance, taking into account potential storage and moving costs. *See* Everett
12 Declaration ¶10.

13 DSI concluded in an exercise of its business judgment that the QOL Agreement represents
14 the best deal available under the circumstances. QOL submitted the best overall offer and is best
15 prepared to purchase the FF&E and manage on-site sales at the Premises. Although another bid
16 offered somewhat better financial terms, DSI believes that QOL is better qualified for the project
17 because of its track record with large liquidations and on-site sales and its experience working with
18 unions in downtown San Francisco. QOL offered the most detailed proposal and demonstrated the
19 ability to manage the sale process in a professional and timely manner. *See* Everett Declaration ¶11.

20 Union labor will be required during the FF&E sale process because employing union workers
21 for office disassembly work in downtown San Francisco is a common practice adhered to by Hines.
22 Among the potential purchasers, QOL is the only one with experience working with unions in
23 downtown San Francisco. *See* Everett Declaration ¶12. DSI believes that an on-site sale of the
24 FF&E will create fewer disruptions and yield better returns in this economic climate than an auction
25 sale process. QOL's detailed proposal and timeline for on-site sales of the FF&E, and its proposal to
26 dedicate eight sales representatives to the sale process give DSI confidence that QOL will conduct
27 successful and timely sales of the FF&E. *See* Everett Declaration ¶13.

28 QOL is prepared to start selling the FF&E immediately, and has the experience and resources

1 to facilitate sales in timely manner so that the Debtor can vacate the Premises, except for the 10th
2 floor, by June 1, 2009. *See* Everett Declaration ¶14. Moreover, QOL does not have and has never
3 had other business dealings with the Debtor or DSI. QOL and two other bidders submitted proposals
4 for the purchase of the FF&E, and DSI and the Debtor concluded that the QOL Agreement is the
5 best deal and that QOL is best suited to purchase the FF&E and manage an efficient sale process.
6 *See* Everett Declaration ¶15.

7 The Debtor has identified five specific parties that do or could conceivably allege a lien,
8 claim, encumbrance or interest in the FF&E. They are: Bank of America NT&SA (now known as
9 Bank of America, N.A.), for itself and as agent for CitiBank, N.A.; 333 Bush Associates NF L.P.;
10 Williams Lea Inc.; and Silicon Valley Bank. These parties' interests in the FF&E arise in the
11 following ways. Bank of America and Citibank are alleged secured lenders of the Debtor, the
12 perfection of whose claims are subject to avoidance as discussed in prior pleadings on file with the
13 Court. This debt relates to a loan, as well as to liability for letters of credit issued on account of the
14 Debtor. 333 Bush Associates obtained a right to attach order and order for issuance of writ of
15 attachment against the Debtor's personal property in California prior to the Petition Date (whether or
16 not 333 Bush Associates levied upon its attachment with the California Secretary of State is not
17 known at the time of the execution of this declaration. Williams Lea was the Debtor's office
18 services contractor, and is believed to, but may not have, removed all of its property from the
19 Premises. Although the Debtor seeks to sell only its own property, in an abundance of caution, it
20 seeks to sell the FF&E free and clear of any claim of Williams Lea, with whom its property was
21 commingled for an extended period of time. Silicon Valley Bank has a UCC-1 Financing Statement
22 of record against one of the professional corporations that make up the Debtor's limited liability
23 partnership; that UCC-1 purports to extend to "all goods and equipment" as well as "fixtures." The
24 Debtor has no current knowledge of any current loan from, or valid lien right of, Silicon Valley
25 Bank. Once again, the Debtor seeks only to sell its own property, not anything belonging to Silicon
26 Valley Bank's named obligor (Heller Ehrman White & McAuliffe, A Professional Corporation).
27 Based upon the foregoing, the Debtor can and does dispute in good faith that any of the alleged liens,
28 claims and encumbrances described above are valid or binding upon the FF&E. *See* Everett

1 Declaration ¶16.

2 **III.**

3 **ARGUMENT**

4 A. The Sale of the FF&E is Appropriate Under the Business Judgment Test.

5 Pursuant to section 363(b)(1) of the Bankruptcy Code, a debtor, after notice and a hearing,
6 may use, sell, or lease, other than in the ordinary course of business, property of the estate. 11
7 U.S.C. § 363(b)(2). A debtor’s application of its sound business judgment in the use, sale, or lease
8 of such property is subject to great judicial deference. *See In re Moore*, 110 B.R. 924 (Bankr. C.D.
9 Cal. 1990); *In re Canyon P’ship*, 55 B.R. 520 (Bankr. S.D. Cal. 1985); *In re Thrifty Liquors, Inc.*, 26
10 B.R. 26 (Bankr. D. Mass. 1982).

11 In determining whether a sale of assets outside of the ordinary course of business should be
12 approved, bankruptcy courts usually consider the following factors:

- 13 1. Whether a sufficient business reason exists for the sale;
- 14 2. Whether the proposed sale is in the best interest of the estate, which in turn involves
15 consideration of the following factors:
 - 16 a) Whether the terms of the sale are fair and reasonable;
 - 17 b) Whether the proposed sale has been adequately marketed;
 - 18 c) Whether the proposed sale terms have been properly negotiated and proposed in good
19 faith; and
 - 20 d) Whether the purchaser is involved in an “arms-length” transaction with the seller; and
- 21 3. Whether notice of the sale was sufficient.

22 *See, e.g., Walter v. Sunwest Bank (In re Walter)*, 83 B.R. 14, 19-20 (B.A.P. 9th Cir. 1988) (“[T]here
23 must be some articulated business justification for using, selling, or leasing the property outside the
24 ordinary course of business [T]he bankruptcy judge should consider all salient factors
25 pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor,
26 creditors and equity holders, alike.”).

27 As the Court is aware, the Debtor has discontinued its business operations and is well into the
28 process of liquidating its assets and winding up its affairs. The Debtor maintains a reduced staff

1 only on the 10th floor of the Premises, and the Debtor therefore has no need for the FF&E on the
2 other floors. Moreover, the sale of the FF&E will enable the Debtor to vacate the Premises as soon
3 as practicable, thereby by diffusing potential holdover disputes with the landlord and limiting further
4 administrative rent. The Debtor’s financial advisor solicited bids, reviewed the proposals it received,
5 and selected QOL based on its strong bid and excellent experience for the particular tasks involved
6 with conducting on-site sales of the FF&E. The Debtor’s solicitation and diligence efforts
7 demonstrate that the QOL Agreement was agreed to at arms-length and in good faith. Accordingly,
8 the Debtor has determined, in the exercise of its business judgment, that the QOL Agreement is in
9 the best interests of the bankruptcy estate and creditors generally, and hereby requests that the Court
10 approve the sale.

11 B. The Court Should Approve the Sale Free and Clear

12 The Debtor also requests that the Court approve the sale of the FF&E free and clear of any
13 liens, claims, and interests of the parties listed in the caption.² Section 363(f) of the Bankruptcy
14 Code expressly authorizes a debtor to sell property outside of the ordinary course of business “free
15 and clear of any interest in such property of an entity,” if any one of the five following conditions is
16 met:

- 17 1) applicable non-bankruptcy law permits sale of such property free and clear of such
18 interest;
- 19 2) such entity consents;
- 20 3) such interest is a lien and the price at which such property is to be sold is greater than
21 the aggregate value of all liens on such property;
- 22 4) such interest is in bona fide dispute; or
- 23 5) such entity could be compelled, in a legal or equitable proceeding, to accept a money
24 satisfaction of such interest.

25 11 U.S.C. § 363(f). Because section 363(f) of the Bankruptcy Code is written in the disjunctive, any
26 one of these five conditions provides authority to sell the assets free and clear of liens. *See Citicorp*

27
28 ² Consistent with the Court’s standing order on sale orders, the Debtor requests that the sale also be free and clear of
“parties who have filed requests for special notice with the Bankruptcy Court.”

1 *Homeowners Servs., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988).

2 The Debtor believes that there are no true encumbrances on the FF&E other than the lien
3 alleged by Bank of America and Citibank. However, all obligations to those lenders have been fully
4 cash collateralized. Moreover, the perfection of these liens is subject to avoidance, as has been
5 previously explained to the Court.³ Simply put, to the extent that any party asserts an interest in the
6 FF&E, the validity of such interest is in bona fide dispute and the Debtor may sell the FF&E free and
7 clear of any such interest under section 363(f)(4) of the Bankruptcy Code.

8 Accordingly, Debtor requests that the Court approve the QOL Agreement and the sale of the
9 FF&E free and clear of any liens, claims, and interests, as sought more specifically in the Motion.

10 C. The Court Should Find The Transaction Is In Good Faith

11 “[W]hen a bankruptcy court authorizes a sale of assets pursuant to section 363(b)(1), it is
12 required to make a finding with respect to the ‘good faith’ of the purchaser.” *In re Abbotts Dairies,*
13 *Inc.*, 788 F.2d 143, 149-50 (3rd Cir. 1986). The purpose of such a finding is to facilitate the
14 operation of section 363(m) of the Bankruptcy Code, which provides a safe harbor for purchasers of
15 a debtor’s property when the purchase is made in “good faith.” Specifically, section 363(m)
16 provides as follows:

17 The reversal or modification on appeal of an authorization under subsection (b) or (c) of this
18 section of a sale or lease of property does not affect the validity of the sale or lease under
19 such authorization to an entity that purchased or leased such property in good faith, whether
or not such entity knew of the pendency of the appeal, unless such authorization and such
sale or lease were stayed pending appeal.

20 11 U.S.C. § 363(m); *see also Ewell v. Diebert (In re Ewell)*, 958 F.2d 276, 280 (9th Cir. 1992); *Irvin*
21 *v. Lincoln Heritage Life Ins. Co. (In re Irvin)*, 950 F.2d 1318, 1323 (7th Cir. 1991). This provision
22 serves the important purposes both of encouraging good faith transactions and of preserving the
23 finality of the bankruptcy court’s orders unless stayed pending appeal. *Abbotts Dairies*, 788 F.2d at
24 147; *Hoese Corp. v. Vetter Corp. (In re Vetter Corp.)*, 724 F.2d 52, 55 (7th Cir. 1983). As

25
26 ³ Among the parties listed in the caption, only Bank of America (for itself and as agent for Citibank), filed a UCC-1
27 Financing Statement against the FF&E. The others listed may assert other sorts of interests (such as the potential (and
28 void) attachment interest ordered pre-petition in favor of Bush Associates). The Debtor does not believe that there are
any valid encumbrances on the FF&E other than the claim of Bank of America (and, by extension Citibank). This lien
is fully collateralized already, and is subject to avoidance. The others are listed in the caption only out of an abundance
of caution.

1 recognized by the Seventh Circuit, "[i]f purchasers at judicially approved sales of property of a
2 bankrupt estate, and their lenders, cannot rely on the deed that they receive at the sale, it will be
3 difficult to liquidate bankrupt estates at positive prices." *In re Edwards*, 962 F.2d 641, 643 (7th Cir.
4 1992). The Seventh Circuit has also noted that, although the law balances the competing interests
5 between lien holders and purchasers of assets of the estate, it weighs such interests "heavily in favor
6 of the bona fide purchaser." *Id.* at 643.

7 Here, the Everett Declaration establishes the good faith of QOL. The Debtor therefore
8 submits that QOL should be entitled to the protection afforded to good faith purchasers under section
9 363(m) of the Bankruptcy Code.⁴

10 **IV.**

11 **CONCLUSION**

12 For all the foregoing reasons, the sale free and clear of the FF&E should be approved, along
13 with the ancillary relief specifically set forth in the prayer of the Motion.

14 Dated: April 24, 2009

PACHULSKI STANG ZIEHL & JONES LLP

16 By /s/ John D. Fiero

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28 ⁴ The Debtor expects that QOL will also submit a declaration prior to the hearing on this Motion, evidencing
its entitlement to a "good faith" finding.

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**DECLARATION OF KYLE
EVERETT IN SUPPORT OF
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1 I, Kyle Everett, declare:

2 1. I am a Vice President at Development Specialists, Inc. (“DSI”), which has been
3 retained by Heller Ehrman LLP, the debtor and debtor-in-possession in the above-captioned case
4 (the “Debtor”), to serve as a financial advisor. Except where indicated otherwise, I have personal
5 knowledge of the facts set forth below, and if called to testify, I would testify competently thereto.

6 2. This declaration is provided in support of the *Motion to Sell Furniture, Fixtures and*
7 *Equipment in San Francisco to Quality Office Liquidations, Inc. Free and Clear of Liens, Claims,*
8 *Encumbrances and Other Interests* (the “Motion”) filed concurrently herewith.

9 3. On December 28, 2008 (the “Petition Date”), the Debtor filed a voluntary petition
10 for relief under Chapter 11 of the Bankruptcy Code. The Debtor has continued in possession of its
11 property and is operating and managing its business as debtor-in-possession pursuant to Sections
12 1107(a) and 1108 of the Bankruptcy Code. On January 5, 2009, the United States Trustee for this
13 district appointed an official committee of unsecured creditors (the “Committee”). No request has
14 been made for the appointment of a trustee or examiner.

15 4. The Debtor occupies office space in the building located at 333 Bush Street in San
16 Francisco, California (the “Premises”) and owns office furniture, fixtures and equipment on floors
17 7 through 11, 27 through 34, and in storage spaces on the Mezzanine Level and the 35th floor (the
18 “FF&E”). The Debtor has condensed its operations and plans to vacate these floors as part of its
19 ongoing wind-down efforts. Accordingly, the Debtor seeks to sell the FF&E through on-site sales
20 as soon as practicable in order that it may vacate the Premises. I am informed and believe that a
21 reasonably complete list of the FF&E is attached hereto as **Exhibit A**.

22 Efforts to Identify a Buyer for the FF&E

23 5. DSI solicited bids from eight companies in the San Francisco area that specialize in
24 liquidations and purchases of used office furniture in connection with the sale of the FF&E. Five
25 companies declined the bid on this project due to poor market conditions and their lack of resources
26 to handle a project of this large scope. DSI received three bids and analyzed them by comparing
27 the deal terms, conferring with references, and seeking feedback from the Creditors Committee and
28 Hines, the property manager for the Premises. DSI determined that the bid submitted by Quality

1 Office Liquidations, Inc. (“QOL”) was the overall strongest bid, and that bid was accepted by the
2 Debtor on or about March 31, 2009.

3 Agreement with Quality Office Liquidations, Inc.

4 6. The Debtor and QOL seek to enter into an agreement to sell the FF&E to QOL,
5 which will then conduct on-site sales of the FF&E at the Premises. The details and mechanics of
6 the agreement that QOL and the Debtor seek to enter are set forth in the Quality Office
7 Liquidations Agreement attached hereto as **Exhibit B** and the Addendum to Quality Office
8 Liquidations Agreement attached hereto as **Exhibit C** (collectively, the “QOL Agreement”).
9 Among other terms in the QOL Agreement, QOL will guarantee to pay the Debtor \$28,960 for the
10 FF&E. QOL will conduct sales of the FF&E primarily at the Premises and charge a 20%
11 commission on all sales. QOL also will be entitled to reimbursement for actual expenses. Net
12 profit of total sales, which will be determined as gross sales less expenses, will be split 80% to the
13 Debtor and 20% to QOL. The Debtor will represent and warrant that it is the sole owner of the
14 FF&E but will provide no guarantees or warranties as to the condition or specific items included in
15 the FF&E. All sales will be AS IS, WHERE IS. QOL will provide DSI with invoices from on-site
16 sales on a bi-weekly basis, as well as detailed sales invoices for items that are removed from the
17 Premises and sold at QOL’s place of storage.

18 7. QOL will assume responsibility for the loading, transportation and redistribution of
19 all sold furniture. QOL will also assume responsibility for all damage done to the Premises while
20 moving or de-installing any FF&E.

21 8. QOL will provide insurance documentation in the aggregate of \$5 million to the
22 building management at the Premises, and it agrees to maintain a separate insurance policy and
23 certificates that name the Debtor as a named insured and loss payee.

24 9. QOL has agreed to employ union workers in connection with disassembly of the
25 FF&E. Prior to entry to the Premises, any unions will be required to provide the appropriate
26 evidence of insurance as set forth in the building rules of the Premises.

27 10. QOL has agreed to manage all on-site sales with the least possible disruption to the
28 Premises. No staging will be conducted in the lobby of the Premises. Except for the 10th floor of

1 the Premises, QOL agrees to remove all trash and FF&E from the Premises by May 31, 2009 and to
2 leave the Premises in broom-clean condition. The deadline for QOL to remove the FF&E from the
3 10th floor will be agreed to by QOL, the Debtor and Hines but in no event will it be earlier than
4 May 31, 2009. In the event that any FF&E not on the 10th floor remains unsold sold on May 30,
5 2009, QOL will purchase any such remaining FF&E from the Debtor at the market price agreed to
6 by both parties in advance, taking into account potential storage and moving costs.

7 The Debtor's Business Judgment

8 11. As a financial advisor with significant experience in asset sales of winding down
9 businesses, I have concluded in an exercise of my business judgment that the QOL Agreement
10 represents the best deal available under the circumstances. QOL submitted the best overall offer
11 and is best prepared to purchase the FF&E and manage on-site sales at the Premises. Although
12 another bid offered somewhat better financial terms, I, along with my colleagues at DSI, believe
13 that QOL is better qualified for the project because of its track record with large liquidations and
14 on-site sales and its experience working with unions in downtown San Francisco. QOL offered the
15 most detailed proposal and demonstrated the ability to manage the sale process in a professional
16 and timely manner.

17 12. I am informed and believe that union labor will be required during the FF&E sale
18 process because employing union workers for office disassembly work in downtown San Francisco
19 is a common practice adhered to by Hines. Among the potential purchasers, QOL is the only one
20 with experience working with unions in downtown San Francisco.

21 13. I am informed and believe that an on-site sale of the FF&E will create fewer
22 disruptions and yield better returns in this economic climate than an auction sale process. QOL's
23 detailed proposal and timeline for on-site sales of the FF&E, and its proposal to dedicate eight sales
24 representatives to the sale process give me confidence that QOL will conduct successful and timely
25 sales of the FF&E.

26 14. QOL is prepared to start selling the FF&E immediately, and has the experience and
27 resources to facilitate sales in timely manner so that the Debtor can vacate the Premises, except for
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1 the 10th floor, by June 1, 2009. For all the foregoing reasons, I believe the QOL Agreement is in
2 the best interests of the bankruptcy estate and creditors generally.

3 Good Faith

4 15. QOL does not have and has never had other business dealings with the Debtor or
5 DSI. QOL and two other bidders submitted proposals for the purchase of the FF&E, and my
6 colleagues at DSI and I have concluded that the QOL Agreement is the best deal and that QOL is
7 best suited to purchase the FF&E and manage an efficient sale process.

8 Status of Known or Potential Liens, Claims and Encumbrances

9 16. The Debtor has identified five specific parties that do or could conceivably allege a
10 lien, claim, encumbrance or interest in the FF&E. They are: Bank of America NT&SA (now
11 known as Bank of America, N.A.), for itself and as agent for CitiBank, N.A.; 333 Bush Associates
12 NF L.P.; Williams Lea Inc.; and Silicon Valley Bank. These parties' interests in the FF&E arise in
13 the following ways. Bank of America and Citibank are alleged secured lenders of the Debtor, the
14 perfection of whose claims are subject to avoidance as discussed in prior pleadings on file with the
15 Court. This debt relates to a loan, as well as to liability for letters of credit issued on account of the
16 Debtor. 333 Bush Associates obtained a right to attach order and order for issuance of writ of
17 attachment against the Debtor's personal property in California prior to the Petition Date (whether
18 or not 333 Bush Associates levied upon its attachment with the California Secretary of State is not
19 known at the time of the execution of this declaration. Williams Lea was the Debtor's office
20 services contractor, and is believed to, but may not have, removed all of its property from the
21 Premises. Although the Debtor seeks to sell only its own property, in an abundance of caution, it
22 seeks to sell the FF&E free and clear of any claim of Williams Lea, with whom its property was
23 commingled for an extended period of time. Silicon Valley Bank has a UCC-1 Financing
24 Statement of record against one of the professional corporations that make up the Debtor's limited
25 liability partnership; that UCC-1 purports to extend to "all goods and equipment" as well as
26 "fixtures." The Debtor has no current knowledge of any current loan from, or valid lien right of,
27 Silicon Valley Bank. Once again, the Debtor seeks only to sell its own property, not anything
28 belonging to Silicon Valley Bank's named obligor (Heller Ehrman White & McAuliffe, A

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Professional Corporation). Based upon the foregoing, the Debtor can and does dispute in good faith that any of the alleged liens, claims and encumbrances described above are valid or binding upon the FF&E.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this ____th day of April, 2009, at San Francisco, California.

/s/ Kyle Everett
Kyle Everett

EXHIBIT A

HELLER ERHMAN INVENTORY LISTING

CONTENTS- furniture, catering equipment, electronics, safes, historical items, a collection of library books, toner and used supplies.

FURNITURE

Description	7th Fl.	8th Fl.	9th Fl.	10th Fl.	11th Fl.	27th Fl.	28th Fl.	29th Fl.	30th Fl.	31st Fl.	32nd Fl.	33rd Fl.	34th Fl.	
Knoll Morrison (7.5' X 7')	46	31		21										98
Knoll Morrison (7' X 6')	12													12
Knoll Morrison (7' X 7')		33	24	12	17									86
Knoll Currents (6.5' X 10')						18	18	18		9	18	16	18	115
Knoll Currents (6' X 10')						2	2	2		1	2	2	2	13
Total Stations														324
Private Offices	20	29	5	15	6	19	26	29		30	29	30	28	266
Conference Table (4' x 6')									2					0
Conference Table (5' X 6')	1													2
Conference Table (5' X 7.5')	2													1
Conference Table (5' X 8')	3													2
Conference Table (5' X 10')		1												3
Conference Table (5' X 11')					1				1					1
Conference Table (5' X 12')									1					2
Conference Table (5' X 13')									3					1
Conference Table (5' X 16')									2					3
Conference Table (5' x 22')				1										2
Conference Table (6' X 8')	1			2										1
Conference Table (6' X 11')									1					3
Conference Table (6' X 16')									1					1
Conference Table (6' X 32')									1					1
Conference Table (42"R)									3					3
Conference Table (60"R)									2					2
Total Conference Tables														29
Knoll Propeller Training Table (30" X 48")			20											20
Knoll Propeller Training Table (30" X 60")					73				26	2			2	103
Break Room Table (30" X 60")			10											10
Vitra Conference Room Chair									175					175
Keilhauer Also Stack Chair									80					80
Misc. Lounge Chairs						2	2	4	10	4	4	2	2	30
Misc. Sofa/Lounge									1		1			2
HM Aeron Chair (A)		1				1		2						4
HM Aeron Chair (B)	18	13			2	4	19	21	1	23	25	26	21	173
HM Aeron Chair ©	2	1				3	2				1			9
Knoll Chadwick Task Chair	19	10		24	58			4		6		6		127
Misc. Task Chairs	46	91	51	65	35	11	28	30		15	30	24	28	454
Misc. Side Chairs	5	14	8		1	12	4	10			2	10	6	72
Misc. Leather Task Chairs						1	1	2		1	1		5	11
Dakota Jackson Side Chair (Purple Leather Seat w/Cherry Wood Back)	6	9	2		2	21	47	26		3	43	35	32	226
Dakota Jackson Stool (Cherry Seat and Back)						1	2				2	2	2	9
Knoll Ricchio Side Chair	25	32	2					6		63		2	12	142
ICF Task Chair (Mesh/No Arms)						9	8	4			7	3	3	34
Stack Chairs (Black)	11		8				1	16						36
Humanscale Freedom Chair		1												1
Depadova Breakroom Chair			33											33
Total Chairs														1443
Filing Unit, 6-hi (track system)			42	153		72	84	72		14	72	72	72	653
Filing Cabinet, 6-Hi (Anchored)										36				36
Flipper Cabinet, 5-Hi		31	9											40
Hi-Density Shelving 6-Hi, Single (Post/Shelf Anchored to Wall)		48	9		101	50	18	24		3		52	50	355
Hi-Density Shelving 6-Hi, 2-Deep (Post/Shelf Anchored to Floor)					59		2	24			47			132
Hi-Density Filing, 7-Hi (Anchored to Ceiling)									152					152
Hi-Density Filing, 7-Hi (Anchored to Ceiling)														
Lateral File, 4-Hi		3												3
Total Filing Units														1371
Storage Carts/Stands			37											37
End/Coffee Tables	1					1			3	3	2	1		11
Bookcases (4 and 5 High)		1				5	3	17		3	14	28	9	80

CATERING EQUIPMENT

Quantity	Description
5	Bowl, blue, round, 7" X 4" deep
1	Bowl, mixing, @10" diameter
4	Bowl, serving, green glass, shallow 12" round
2	Bowl, white, 6" X 8" X 4" deep
13	Bowl, white, round, 3" X 2" deep
2	Bowl, white, round, 4" X 3" deep
1	Bowl, white, round, 5" X 2" deep
7	Bowl, white, round, 5" X 4" deep
6	Bowl, white, round, 7" X 4" deep
2	Bowl, white, square, 10" X 5" deep
10	Bowl, white, square, 5" X 4" deep
8	Bowl, white, square, 6" X 8" deep
1	Bowl, white, square, 8" X 4" deep
2	Bowl, white, square, 9" X 5" deep
2	Bowl, yellow, round, 7" X 4" deep
7	Bussing platters, large
5	Chafing Serving unit, stainless w/ brass trim, sterno
7	Champagne glass, glass, 6 oz
40	China, Coffee cup
100	China, Plate, 10"
100	China, Plate, 5"
34	Coffee crates, Stainless Steel
1	Condiment dish holder, w/ 2 dishes
1	Convection oven, stainless finish
17	Creamer, Stainless Steel, w/ plastic top black
1	Creamer, stainless, tall
1	Cutting Board, White
1	Deli meat/cheese slicer, electric
8	Flower vase, 8" tall
1	Food container, plastic, 18 Qt
2	Food container, plastic, 22 Qt
18	Food container, plastic, 4 Qt
6	Food container, plastic, 6 Qt
1	Food container, plastic, 8 Qt
3	Food serving trays, stainless, 10" X 12" X 5" deep
4	Food serving trays, stainless, 6" X 10" X 5" deep
3	Food serving trays, stainless, w/ lids (4 lids) 12" X 18" X 4" deep
1	Freezer, Stainless Steel, single door
13	Ice Buckets, plastic w/ attached clear lid
9	Ice Buckets, plastic, 8 sided, black
1	Ice Machine
1	Knife rack / holder
5	Knives, various
1	Microwave, commercial unit, stainless finish
1	Oil & Vinegar serving set, glass and stainless
1	Pizza stand / serving riser
2	Plate, white, square w/waves, 9"
4	Plate, white, square, 9"
1	Platter, white, oval, 6" X 24"
3	Platter, white, square, 10 X 18"
1	Platter, white, square, 14"
11	Plates, glass, various colors, 12" square
2	Prep tables, stainless, 1 lower shelf, 24" X 55"
1	Punch bowl, stainless, 20" diameter
2	Refrigerator, Stainless Steel, double door
7	Serving stands, wood
3	Serving tray, plastic, black 12" X 24"
4	Serving trays, stainless, 12" X 16"
1	Shelf, extra for above
1	Shelving unit, open wire, 4 shelves, w/ wheels, @ 6.5' h X 4.5'w X 24"d
1	Shelving unit, open wire, 4 shelves, w/ wheels, @ 6.5' h X 5'w X 24"d
1	Shelving unit, open wire, 5 shelves, @ 6h X 4'w X 24"d
	Silverware
1	Step stool, 2 steps
9	Storage / bussing tubs, plastic, black, 15" X 18" X 10" deep
1 set	Storage boxes, plastic, black, nesting (set = 5)
2	Storage container, plastic w/ lid, 18" X 24" X 5" deep
4	Storage tubs, plastic, clear 18" X 24" X 12" deep
4	Storage tubs, plastic, clear w/ lids 18" X 24" X 5" deep
1	Strainer, stainless, large w/ handle
9	Table cloths, 114" X 52"
20	Table cloths, 52" X 52"
	Tongs, spoons,
Multiple	ladles, whisks,
5	Tray, serving, green, shallow, 12" square
22	Tray, coffee / ice service, stainless. 12" X 24"
23	Tumbler, glass, 18 oz

Preliminary subject to review and refinement

Quantity	Description
23	Water Bottle, w/ stopper
3	Water pitchers, glass, clear
39	Wine glass, tall, 14 oz
6	Wine glasses, various heights
1	Cart, folding, 3 shelves, plastic and metal, 16" w X 27" h X 24" d
1	Cash register, w/ cash drawer, w/ display, 14" w X 10" h X 16" d
1	Chafer, oval, stainless w/ brass, no lid, 20" X 12"
1	Chill Temp Refrigerator, 1 door, wheels, 36" X 6'h
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed display case, food, refrigerated, open face, sliding door access from rear, stainless finishes, 50" w X 48" h X 36" d
1	Display case, food, refrigerated, opens from behind, curved plexiglas face, stainless finishes, 50" w X 48" h X 36" d
1	Food Warmer, round, stainless w/ lid, 12" Diameter
1	Food Warmer, round, stainless w/ lid, 12" Diameter
2	Hold Hot Warmer, 2 doors, wheels, 36" X 6'h
1	Ice maker, single door, black
1	Ice maker, water dispenser, stainless & black, plumbed, 16" w X 24" h X 24" d
5	Mats, anti-slip, w/ holes, brown, 42" X 60"
3	Microwave, commercial unit, stainless
1	Mop bucket w/ press strainer, brown, wheels
1	Panini grill, stainless, 12" w X 7" h X 12" d
1	Popcorn machine, Plexiglas, 2 doors, 18" w X 24" h X 14" deep
1	Rack, floor mat storage, aluminum, 48" w X 32" h X 24" d
1	Refrigerator, w/ lower freezer, stainless, 42" w X 7' h X 33" d
1	Shelving unit, open wire, 5 shelves, w/ wheels, @ 6' h X 3.5' w X 24" d
1	Shelving unit, open wire, 5 shelves, w/ wheels, @ 5' h X 52" w X 24" d
1	Shelving unit, open wire, 5 shelves, w/ wheels, @ 6' h X 6' w X 12" deep
1	Step ladder, aluminum, 2 steps
1	Toaster, 4 slot, 12" w X 10" h X 10" d
1	Water cooler w/ hot dispenser, white, plumbed, 12" w X 20" h X 20" d
3	wood vases w/artificial flowers
5	decorative wood spoons (18" to 34")
3	decorative metal cutouts (knife, fork, spoon)
42	Air pots, hot beverage
6	Coffee brewer coffee baskets, Extras, stainless
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Refrigerator, single door, stainless, 36" w X 6' h X 30" d
12	Flower Vase, Glass, various sizes / shapes
11	Tea Racks, Peet's, wire, brown
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Microwave, commercial unit, stainless
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed
1	Coffee Brewer, w/ hot water tap, brews to airpots, plumbed

ELECTRONICS

Room#	Initial Programming
3000	Drop down projection 80"x60", ClearOne audio w/5 fixed mics w/mute, wireless control system, components, RW, 3 cubby's
3026, 3028	Dual RS Proj for room B, codec, 2 cameras, ClearOne audio w/2 zones/multi-profiled/divisible wall detection, 1 wireless control, components for primary full room layout, RW, 3 laptop + podium, 15 Wireless gooseneck mic (no encryption). Projector & dropdo
3024	Drop down projection 67"x50", control system, components
3022	RW, cable cubby
3020	Dual 61" plasma, codec, ClearOne audio, control system, components, RW
3018	61" plasma, control system, components, RW
3016	61" plasma, control system, components, RW
3014	61" plasma, control system, components, RW
3012	61" plasma, control system, components, RW
3010	RW, cable cubby
3008	Dual RS proj, codec, ClearOne audio (8 mics), control system, components, RW
3006	50" plasma, control system, components, RW
3004	Drop down projection 67"x50", control system, components
3002	Dual 61" plasma, codec, ClearOne audio, control system, components, RW
3011	RW, cable cubby
3009	RW, cable cubby
914	Projection, Smartboard 72" diagonal, components
916	Projection, Smartboard 72" diagonal, components
cafe	61" Plasma, articulating mounts, manual control, no components, CATV
reception	26" LCD w/speakers, components
reception	Audience software - conference schedule display media (Client furnished)

Room#	Initial Programming
730	RW
702	RW
822	RW
1016	RW + flat panel (older)
1024	RW + flat panel (older)
1028	RW
1030	flat panel ~50", Polycom viewstation

SAFES- 14 TOTAL

HISTORICAL ITEMS

History Wall Contents - in marketing office

Julian Stern CIBA - Geigy Corp
Purchase of Preferred Stock (Alza)
27-Jan-78

Guggenlime, Popofsky, Goff, Bomse
Brief for Respondent of Sylvania Inc
Oct-76

Clyde, Bomse, Brown
Metropolitan Life Supreme Court Reply Brief
Oct-71

Bomse, Titelbaum
Amicus Brief US Supreme Court - National Assn of Minority Contractors
Oct-76

Van Aelstyn, Jacobs, Thomas
US Supreme Court - Alberto Gonzales v State of Oregon
2006

Colin Powell, Lundquist Photo
Moscow Conference

Wild Parrots of Telegraph Hill

Julia Butterfly Hill
The Legacy of Luna

Rosenbaum, Thayer, Czaban, Parlovecchio, Doshi
US Supreme Court Merck v Integra
15-Feb-05

447 Patent's Bit Allocation Algorithm
USDC-NJ Patent Infringement
January, 2006

Entrance to Union Square – picture
Heller Ehrman developed legal framework for
cooperation between City of SF and private merchants

Original Partnership Agreement
between Heller, Powers, Ehrman
1905

Law Books from Emanuel Heller original library
1893 Supplement to codes of CA
1852 CA Statutes
1856 Statutes of CA
1853 CA Statutes
18xx Civil Code of CA
Engagement letter with client Kelley's Stables
1909
Bronze building directory

A COLLECTION OF LIBRARY BOOKS

TONER

Arista Cartridge Number	Quantity to Sell Back	HP OEM Cartridges to Sell	Quantity on Hand
1012	8	HP C4182X	6
1300	3	HP Q6470A (Blk)	1
1000/1200	2	HP Q7581A (Cyan)	2
2100 Laserlogic	2	HP Q7582A (Yellow)	3
2100/2200	2	HP Q7583A (Magenta)	2
4200	12		14
4300	7		
4/5	7		
5Si	3		
FX4	4		
FX6	2		
P2015	4		
	56		

Xerox / Tektronix Product Number	Description	Quantity
013R90132	Black Image Drum	1
013R90132	Phaser 1235 Black Drum	1
013R90133	Phaser 1235 Cyan Drum	1
013R90134	Phaser 1235 Magenta Drum	2
013R90135	Phaser 1235 Yellow Drum	1
006R90304	Phaser 1235 Cyan Toner	1
006R90305	Phaser 1235 Magenta Toner	3
006R90306	Phaser 1235 Yellow Toner	1
016-1685-00	Phaser 740 Cyan Toner	1
016-1686-00	Phaser 740 Magenta Toner	1
016-1687-00	Phaser 740 Yellow Toner	1
		14

USED SUPPLIES

Description

- Numbered tabs
- 1/3 cut file folders
- Binders
- Envelopes
- Metal vertical/horizontal file holders
- Pendaflex folders
- Pens/Pencils/Highlighters/Markers
- Post-It Notes and Flags
- Redwell folders
- Wood in/out boxes
- Numerical and Alphabetical Index Tabs
- Bookends
- Dictionaries
- Foot rests
- Hole punch
- Labels (box)
- Legal pads
- Letter Openers
- Magazine holders
- Pen/Pencil holders
- Rolling step stool
- Scissors
- Staplers/Staple Removers
- Tape Dispensers
- Calculators
- Expandable Paper sorters
- Fans
- Lamps
- Space heaters
- White Boards/Cork Boards
- Paper Clips/Binder Clips
- Binding supplies
- Stamps/Stamp pads
- Wood readers
- Plastic readers
- Monitor stands
- Toner

EXHIBIT B

Quality Office Liquidations, Inc.

***15 N. Orange Ave
Lodi, California 95240
(209) 334-1846***

This Agreement, Effective February 27, 2009 by and between Quality Office Liquidations (QOL) of Lodi, California (Buyer) and, Heller Ehrman LLP of San Francisco, California (Seller).

Whereas, seller represents and warrants that it is the sole owner of office furnishings & equipment identified in the attached inventory and that such furnishings & equipment are unencumbered and available for sale by seller.

Therefore, the parties hereto agree as follows:

- 1. Buyer, agrees to guarantee to Seller \$28,960.00 for the purchase of all surplus furniture, fixtures and equipment located in the Corporate Headquarters Building, in San Francisco, CA per the inventory estimates provided by Heller Erhman and verified during our inspection on Feburary 25, 2009. It is assumed that this product will include all of the cubicles, private office furniture, kitchen, cafeteria equipment and fixtures, conference rooms, lobbies, audio visual equipment, printers, telephone equipment, flat screen monitors etc... All the furniture and equipment in question, will be removed from the facility before midnight April 30th, 2009.***
- 2. Final financial distribution will be calculated based on Quality Office Liquidation charging a 20% commission on all sales after which Heller Erhman will receive 80% of the net profit from of the total sales (QOL will receive 20% of the net profit). Project Net Profit will be determined as: gross sales less expenses (review model for unit costs and projections).***
- 3. Upon verification of the inventory & within 10 days of project inception, QOL will pay Heller Ehrman the guaranteed amount of \$10,000 with final documentation and payment of all remaining amounts, including the balance of the guarantee of \$18,960, due within 30 days of project completion.***

- 4. Any adjustments to the final amount paid will be calculated by Quality Office Liquidations with supporting documentation provided to Heller Ehrman.*
- 5. Seller provides no guarantees or warranties as to the condition of the product to be sold.*
- 6. That said furnishings shall include all furniture represented in the inventory listing and site inspection regardless of age or condition including: desks, storage, filing, systems furniture, conference rooms, lobby, waiting areas, printers, televisions, cafeteria equipment etc.*
- 7. Said furnishings & equipment are located at:
333 Bush St Floors 7, 8, 9, 10, 11, 27, 28, 29, 30, 31, 32, 33, 34 and the Mezzanine
San Francisco, CA*
- 8. Quality Office Liquidations, assumes responsibility for the loading, transportation and redistribution of all sold furniture from it's location in San Francisco. It is further agreed that all disassembly and "tool work" will be done by union installers and removal will be done by qualified non-union movers. Tear down and prep-work can be done during normal business hours and moves will take place between 6pm and 6am or during the day on weekends. Proper insurance documentation (\$5million aggregate) will be provided to the building management prior to the start of the project.*
- 9. Upon the initiation of removal of said furnishings, Buyer agrees to accept legal responsibility for the furnishings.*
- 10.. This agreement shall be construed in accordance with and governed by the laws of the State of California. In the event of litigation to enforce the terms of this agreement, the parties hereto agree that any action must be instituted the United States Bankruptcy Court for the Northern District of California.*

- 11. Any notice sent by either party to the other shall be sent by mail to the following addresses:*

*Buyer: Quality Office Liquidations, Inc.
15 N. Orange Ave
Lodi, CA 95240*

*Seller: Heller Ehrman LLP
333 Bush St
San Francisco, CA 94111*

*With copy to:
Pachulski, Stang, Ziehl & Jones, LLP
Attn: John D. Fiero, Esq
150 California Street, 15th floor
San Francisco, CA 94111*

- 12. This non-executed agreement is valid through April 1, 2009.*
- 13. This agreement shall inure to the benefit of and be binding upon each party and its successors and assigns.*

Quality Office Liquidations, Inc

Heller Ehrman, LLP

EXHIBIT C

ADDENDUM TO QUALITY OFFICE LIQUIDATORS AGREEMENT

The following items are hereby added to the proposal/contract provided by Quality Office Liquidators, Inc. ("QOL"), and shall control in the event of inconsistency:

1. The agreement shall be construed in accordance with and governed by the laws of the State of California. In the event of litigation to enforce the terms of this agreement, the parties hereto agree that any action must be instituted in the Bankruptcy Court for the Northern District of California in San Francisco.
2. QOL has been provided with a copy of the rules and regulations as well as the insurance requirements (both attached hereto) for the building at 333 Bush Street (the "Premises").
3. QOL has read and agrees to adhere to all of the terms associated with such rules and regulations.
4. Within 3 business days following approval of the agreement by the Bankruptcy Court, but in any event, prior to any work performed by QOL or their subcontractors and prior to entry by any of them into or on the Premises, QOL will provide the property management office for 333 Bush ("PMO" or "Hines") with an insurance certificate which complies with the PMO's requirements. Such insurance and certificates will remain effective until the agreement is completed.
5. A separate insurance policy and certificates will be provided to DSI and will name Heller Ehrman, LLP as a named insured and loss payee.
6. QOL may choose any mover to partner with as long as that mover independently meets the insurance requirements (they cannot be insured under QOL's insurance) and they are approved in advance by the PMO. Alternatively, the following movers are already approved by the PMO but will also need to provide their insurance certificate prior to any physical move and prior to entry by any of them into or on the Premises.
 - a. NorCal Moving
 - b. ServiceWest
 - c. Cor-O-Van
7. QOL has informed DSI that in order to meet the timing deadline of removal of all furniture fixtures and equipment from the Premises, it will need access to the building during regular business hours as well as hours outside of normal business hours. QOL agrees to provide DSI with a list of individuals who will be on the premises after normal business hours each Monday for that week. DSI will provide such list to the PMO for its files. For those individuals who are requesting card access keys, DSI and the PMO will require a specific time frame for the cards to be active.

8. QOL will manage all on-site sales with the least possible disruption to the building. A QOL representative will accompany any potential buyers.
9. Any staging of furniture, fixtures or equipment on individual floors must be distributed around the floor so as not to create an excessive weight concern at any location.
10. QOL will also manage the removal of all items purchased by purchasers. Under no circumstances shall a purchaser be allowed to remove anything from the building unless it can be easily carried on their person and then only with an appropriately completed building pass. QOL will follow all building rules with respect to removal of items including the preparation of any and all necessary building passes.
11. QOL has been informed and agrees to utilize the appropriate union workers in connection with disassembly of any furniture and equipment, including, but not limited to electrical workers and carpenters. Any unions working in the building will also be required to provide the appropriate evidence of insurance and as required in the building rules and attached hereto, but in any event prior to entry by any of them into or on the Premises.
12. QOL has been informed by DSI that the PMO prefers all staging to take place at the loading dock, but has agreed that they (or their movers) may utilize the Bush Street entrance for moving items into and out of the building on Saturday and Sunday only, provided that they properly protect all building surfaces, including floors, doors and elevators and notify the PMO in advance of such staging and use.
13. QOL has been informed by DSI that the PMO has agreed that a minimum amount of furniture may be staged in specific areas of the loading dock during normal business hours provided that it is done after 3p.m. and in a manner that the PMO has agreed to in advance and deems organized and acceptable.
14. PMO reserves the right to discontinue the privileges identified in 12 and 13 above.
15. No staging shall be done in the building lobby.
16. QOL shall bear all risk of loss or damage to furniture or equipment once it is considered in their possession at the Premises.
17. QOL is responsible for all damage done to Premises while moving or de-installing any furniture and fixtures including the following:
 - a. When electronics are removed from the Premises, loose wires are required to be returned to their source and capped off;
 - b. all holes or damage resulting from the removal of anything affixed to the walls must be patched, troweled smooth and sanded to match (but need not be painted).

18. Any costs to repair unexpected damage to the building, furniture or fixtures shall not be considered a cost or expenses in connection with the determination of the profit sharing under the agreement.
19. While the agreement includes furniture and equipment on the floors identified in the agreement, the removal of items from the 10th floor will occur later than the deadline in the agreement. The deadline will be provided to QOL by DSI but in no event will be earlier than May 31, 2009 and no later than June 30, 2009.
20. Neither Heller Ehrman nor DSI make any representation as to the specific items included in the furniture, fixtures and equipment or its condition. All sales are AS IS, WHERE IS.
21. Within 10 days after entering into a final agreement, Heller Ehrman will be paid a deposit of \$10,000 against the guaranteed amount noted in the contract. The balance will be due on May 30, 2009.
22. In the event that all furniture fixtures and equipment are not completely sold by May 30, 2009, QOL will purchase all remaining inventory from Debtor at a market price which has been agreed to by both parties in advance, taking into account potential storage and moving costs of QOL.
23. QOL will provide to DSI a detailed inventory of all items taken from the premises which are not sold in on-site sales managed by QOL.
24. QOL will, bi-weekly, provide DSI with invoices from on-site sales.
25. QOL will also provide DSI with detailed sales invoices when such removed items are ultimately sold. DSI has the right to inspect remaining items at QOL's place of storage at any time with 3 days notice.
26. QOL will provide DSI with all invoices paid by QOL that comprise the expenses or costs which affect the profit sharing at the time of final payment.
27. The following items are excluded from the furniture, fixtures and equipment in the agreement:
 - a. Computers and servers
 - b. Art
 - c. Wall speakers and rear projection video machines on the 30th floor
 - d. Built-in bookshelves on all floors near corners (to be specifically identified in walkthrough)
 - e. Single sink in catering area on floor 30 (to be identified on walkthrough)
 - f. Building security access panels and readers in elevator lobbies and stairwells
 - g. Racks in small server rooms on lower floors (7-11) may remain, blue cable to be left in place

28. The following items are non-obvious items identified as INCLUDED and therefore must be removed, in addition to removal of all furniture, telephones, audio-visual equipment, and other obvious items not expressly excluded:
- a. All other bookcases not identified above
 - b. Flat panel televisions on all floors including the 30th floor
 - c. Racks and equipment in server rooms and telephone closets on the upper floors (27-30, 32-34) to be removed and cabling coiled and left in place. Racks and equipment in large server room on the 7th floor to be removed and cables coiled and left in place.
 - d. Uninterruptable Power Sources in all server rooms/telephone closets
 - e. All cubicles and built-in paralegal stations
 - f. All refrigerators, ice makers and hot/cold water dispensers
 - g. High density file systems including tracks, if such tracks are -not set into the concrete of the flooring
 - h. All cabinets or millwork which is affixed to the walls via a screw or bolt, the hole for which can be patched. If the millwork is affixed to the wall by other means and removal would damage the wall, it shall not be removed. In the event of a questionable item the Property Management Office and DSI must be consulted.
 - i. Historical glass and acrylic boxes on 30th floor
 - j. Sinks and Eco Lab equipment on floors 9 and 30 (to be identified on walkthrough)
 - k. Removable glass deli cases on floor 9 (to be identified on walkthrough)
 - l. Racks in small server rooms on lower floors (7-11 and 31) may remain, blue cables to be left in place, but equipment and yellow cabling (both identified on walkthrough) to be removed.
29. QOL is responsible for the removal of all trash **related to the project** and will leave the premises in a broom clean condition.

1 John D. Fiero (CA Bar No. 136557)
Kenneth H. Brown (CA Bar No. 100396)
2 Miriam P. Khatiblou (CA Bar No. 178584)
Teddy M. Kapur (CA Bar No. 242486)
3 PACHULSKI STANG ZIEHL & JONES LLP
150 California Street, 15th Floor
4 San Francisco, California 94111-4500
Telephone: 415/263-7000
5 Facsimile: 415/263-7010

6 E-mail: jfiero@pszjlaw.com
kbrown@pszjlaw.com
7 mkhatiblou@pszjlaw.com
tkapur@pszjlaw.com

8
9 Attorneys for Heller Ehrman LLP,
Debtor and Debtor in Possession

10 **UNITED STATES BANKRUPTCY COURT**
11 **NORTHERN DISTRICT OF CALIFORNIA**
12 **SAN FRANCISCO DIVISION**

13 In re:

14 Heller Ehrman LLP,¹

15 Debtor.

Case No.: 08-32514

Chapter 11

CERTIFICATE OF SERVICE

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¹ The Debtor's address is 333 Bush Street, San Francisco, CA 94104, Federal Tax I.D. No. 94-1217308.

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PROOF OF SERVICE

STATE OF CALIFORNIA)
)
CITY OF SAN FRANCISCO)

I, Liset Alvarado, am employed in the city and county of San Francisco, State of California. I am over the age of 18 and not a party to the within action; my business address is 150 California Street, 15th Floor, San Francisco, California 94111-4500.

On April 24, 2009, I caused to be served the

MOTION TO SELL FURNITURE, FIXTURES AND EQUIPMENT IN SAN FRANCISCO TO QUALITY OFFICE LIQUIDATIONS, INC., FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS;

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO SELL FURNITURE, FIXTURES AND EQUIPMENT IN SAN FRANCISCO TO QUALITY OFFICE LIQUIDATIONS, INC., FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS; AND

DECLARATION OF KYLE EVERETT IN SUPPORT OF MOTION TO SELL FURNITURE, FIXTURES AND EQUIPMENT IN SAN FRANCISCO TO QUALITY OFFICE LIQUIDATIONS, INC., FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS.

in this action by placing a true and correct copy of said document(s) in sealed envelopes addressed as follows:

Please see attached Service List

- (BY MAIL) I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at San Francisco, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.
- (BY EMAIL) I caused to be served the above-described document by email to the parties indicated on the attached service list at the indicated email address.
- BY OVERNIGHT DELIVERY) By sending by Federal Express to the addressee(s) as indicated on the attached list

I declare under penalty of perjury, under the laws of the State of California and the United States of America that the foregoing is true and correct.

Executed on April 24, 2009 at San Francisco, California.

/s/ Liset Alvarado
Liset Alvarado, Legal Assistant

SERVICE LIST

<p>United States Trustee Donna S. Tamanaha, Assistant U.S. Trustee 235 Pine Street, Suite 700 San Francisco, CA 94104 T Donna.S.Tamanaha@usdoj.gov</p>	<p>Counsel to BofA David Minnick, Esq. Leo Crowley, Esq. Pillsbury Winthrop Shaw Pittman LLP 50 Fremont Street San Francisco, CA 94105-2228 Tdminnick@pillsburylaw.com Leo.crowley@pillsburylaw.com</p>	<p>Counsel to Citibank, N.A. Larry Peitzman, Esq. Louis E. Kempinsky, Esq. Peitzman, Weg & Kempinsky LLP 10100 Santa Monica Blvd., Suite 1450 Los Angeles, CA 90067 lpeitzman@pwkllp.com lkempinsky@pwkllp.com RSN</p>
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25	333 Market Street, 25 th Floor	Attn: Bank Manager	
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