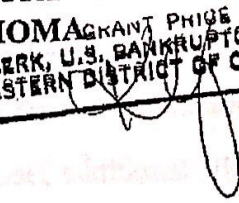


FILED

JUL 30 1999

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

AGRICULTURAL PRICE
CLERK, U.S. BANKRUPTCY COURT
WESTERN DISTRICT OF OKLAHOMA
BY:  DEPUTY

IN RE:

QUALICARE, INC.,
Debtor.

97-16891-BH

Ch. 7

APPLICATION FOR INTERIM ALLOWANCE OF FEES

COMES NOW, Lyle R. Nelson, P.C., ("Applicant") and pursuant to 11 U.S.C. Section 330 and 331, and Bankruptcy Rule 2016 hereby requests that this Court approve its request for allowance of interim compensation in the total sum of \$54,043.75, representing 432.35 hours of work. In support of this request, it is represented as follows:

1. Pursuant to Section 331 of 11 U.S.C. ("Code"), a professional personal employed under Section 327 of the Code, may apply for interim compensation not more than once every 120 days.
2. Pursuant to Section 327 of Title 11 U.S.C. the Trustee previously employed Applicant to represent the Trustee and pursue many, many claims on behalf of the Estate. An Order approving such employment was entered by this Court in August of 1997.
3. No prior requests for any compensation have been made. Counsel has represented the estate for over two years with no compensation. The period applicable to this interim request is August, 1997 through September, 1998.
4. The services rendered by the Applicant provided a material benefit to the Estate. At the time the case was filed, the only assets listed were certain accounts receivable, with a face value of a few hundred thousand dollars. However, upon investigation the accounts had been collected by a company claiming to be the successor. The Trustee sought to recover such funds, but that company subsequently filed bankruptcy, chapter 11. The Trustee continued his efforts to recover such funds.
5. Subsequently, the Applicant, in connection with his auditors, discovered unscheduled and unknown assets, primarily consisting of unbilled visits and costs. Despite the incredible resistance provided by the federal government, including the FBI, Department of Health and Human Services,

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Office of the United States Attorney (who on several occasions has specifically told the Trustee he will never recover any money for creditors of this estate), Palmetto, as well as a myriad of other claimants, to date, the Trustee has recovered in excess of \$560,000.00. The Trustee has obtained an initial approval for the payment of an additional \$1,200,000.00, and has caused additional litigation to be brought against the United States to recover that money, as well as additional funds.

6. Copies of the fee bills reflecting the extensive time by Applicant are attached hereto. A total of 432.35 hours were expended. At the approved hourly rate of \$125.00 per hour, the balance due is \$54,043.75. The hourly rate is below similar hourly rates for the services rendered in this District.

7. No prior compensation has been sought nor has any been paid. The services rendered by Applicant are very extensive, include extensive research regarding extensive federal administrative procedures, federal labor laws, Department of Health and Human Services rules and regulations; researching and defending various subpoenas issued by a grand jury, defending the loss of records which the Department of Health and Human Services is now attempting to use as a basis not to pay the claims of the estate, and a myriad of issues involved with the liquidation of a company with gross annual income of several million dollars.

8. The services rendered clearly benefitted the estate. The interim request is less than 10% of the amount recovered. In a normal contingency fee arrangement, a comparable fee would be from 33% to 40%. Considering that this case was originally a no-asset case, the fees incurred to date are very reasonable. The majority of time was incurred before there was any indication that the case was an asset case or any property would be available at all. In effect, the work was performed on a contingency basis, since there was no apparent assets from which counsel fees could be paid. Applicant is unaware of any attorney who would take what would appear to be a no-asset case on a 10% contingency rate, which is in effect what the compensation requested herein works out to be..

9. Consistent with Bankruptcy Rule 2016, the Applicant would state as follows:

a. No prior payments have been made and none have been promised to Applicant.