

# **EXHIBIT 4**

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF NEW YORK

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In re:

ST. RITA'S ASSOCIATES  
PRIVATE PLACEMENT L.P.,

Debtor.

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Case No. 96-10352B

Chapter 11

**RESPONSE OF DAMON & MOREY LLP TO THE  
STATEMENT OF THE UNITED STATES TRUSTEE  
REGARDING APPLICATION FOR FEES AND EXPENSES**

Damon & Morey LLP respectfully submits this response to the statement of the United States Trustee regarding application for fees and expenses.

1. The Second Amended Plan of Reorganization (the "Plan") estimated the attorneys fees of Damon & Morey LLP to be approximately \$60,000.00 based upon the ability of the Debtor to negotiate a mutually agreeable refinancing agreement with Trustco Bank, National Association ("Trustco") or another substitute lender.
2. At the time of drafting of the Plan and Disclosure Statement in late fall, 1996, negotiations with Trustco were ongoing and it was hopeful that by December, 1996 a mutually agreeable refinancing with Trustco would be in place and the Plan would then be modified and confirmed accordingly.
3. However, in mid December, 1996, negotiations between the Debtor and Trustco broke down and the Debtor did not reach a mutual agreement with Trustco but instead sought a cramdown of Trustco's secured claim, for which no estimate of attorneys fees was provided.

4. In 1997, Damon & Morey LLP proceeded with the cramdown litigation, preparing for and defending depositions of four key witnesses for the Debtor, including an expert witness which depositions continued for several days. There was also extensive document production and inspection in furtherance of the litigation and protracted negotiations with Trustco which resulted in a complex settlement of the treatment of Trustco's claim.

5. As indicated above and disclosed in the Plan and Disclosure Statement, the estimated fees of Damon & Morey LLP were specifically based upon a mutual agreement with Trustco of the treatment of Trustco's claim. Instead, the Debtor sought to cramdown Trustco's claim in 1997 and incurred over \$25,000.00 in legal fees in connection with the cramdown litigation, alone.

Dated: Buffalo, New York  
July 17, 1997

Respectfully submitted,

**DAMON & MOREY LLP**

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To: Hon. Carl L. Bucki  
United States Bankruptcy Judge  
Christopher K. Reed, Esq.  
Assistant United States Trustee

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