

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 11
)
HARTFORD COMPUTER HARDWARE,) Case No. 11-49744 (PSH)
INC., *et al.*,¹) (Joint Administration Pending)
)
Debtors.) Hon. Pamela S. Hollis

**APPLICATION OF THE DEBTORS FOR ORDER AUTHORIZING EMPLOYMENT
AND RETENTION OF THORNTON GROUT FINNIGAN LLP AS SPECIAL
COUNSEL TO THE DEBTORS**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this application to this Court for the entry of an order authorizing the retention and employment of Thornton Grout Finnigan LLP (“Thornton”) as special counsel for the Debtors, effective as of the Petition Date (defined below). In support of this motion, the Debtors submit the Declaration of Brian Mittman in Support of Chapter 11 Petitions and First Day Motions and Applications, sworn to on the date hereof (the “Declaration in Support of First Day Relief”) and the Declaration of John Porter of Thornton (the “Porter Declaration”) attached hereto as **Exhibit A** and respectfully represent as follows:

INTRODUCTION

1. On December 12, 2011 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), together with various motions and applications seeking certain typical “first day” orders.

¹ The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).



2. The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner, and no official committee(s) has been appointed in these cases.

4. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Debtors' chapter 11 cases and this motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b)(2).

5. The statutory bases for the relief requested herein are sections 105, 327(a), 328, and 329 of the Bankruptcy Code, and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

BACKGROUND

6. The Debtors are one of the leading providers of repair and installation services in North America for consumer electronics and computers. The Debtors operate in three complementary business lines: parts distribution and repair, depot repair, and onsite repair and installation. Products serviced include laptop and desktop computers, commercial computer systems, flat-screen television, consumer gaming units, printers, interactive whiteboards, peripherals, servers, POS devices, and other electronic devices.

7. A more detailed explanation of the Debtors' businesses and operations, and the events leading to the commencement of these cases, is provided in the Declaration of Brian Mittman filed in Support of First Day Relief contemporaneously herewith and which is incorporated herein by reference.

RELIEF REQUESTED

8. The Debtors desire to retain and employ Thornton as their special counsel, under a general retainer, to represent the Debtors in their foreign recognition proceeding in Canada under the *Companies' Creditor Arrangement Act* (the "Legal Services"). Pursuant to section 327 of the Bankruptcy Code and Bankruptcy Rule 2014, the Debtors respectfully request authority to retain Thornton as their attorney to provide the Legal Services.

9. The Debtors believe it is necessary to retain special counsel for the Legal Services and desire to employ Thornton for this purpose. The Debtors are also filing an application to retain Katten Muchin Rosenman LLP ("Katten") with respect to the Debtors' chapter 11 cases. Because of the limited nature of the services to be provided by Thornton, as well as Thornton's well-established experience coordinating with teams of specialized professionals as both lead and special counsel, it will not duplicate the services that Katten may provide to the Debtors. Thornton and Katten have and will continue to function cohesively to ensure that legal services provided to the Debtors by each firm are not duplicative.

10. Thornton's prepetition representation of the Debtors included the preparation papers necessary to request recognition of these chapter 11 cases in Canada under the *Companies' Creditors Arrangement Act*. All fees and expenses were duly paid as of the Petition Date (the "Pre-Petition Fees"). As such, Thornton is not a creditor of the Debtors. Within the one year period prior to the Petition Date, Thornton has received approximately U.S.\$100,000 and CDN\$90,335.69 from the Debtors in payment for legal services rendered and expenses incurred on behalf of the Debtors, approximately CDN\$118,309.37 of which was received in payment for legal services rendered and expenses incurred in anticipation of the filing of these

cases, and US\$72,301.95 of which is being held by Thornton as a retainer (the “Retainer”).² A summary of all payments received by Thornton within ninety days of the date hereof, invoices to which those payments were applied, along with all retainers received, is attached hereto as **Exhibit B**.

11. The Debtors selected Thornton as their counsel because of Thornton’s extensive experience and knowledge in recognition proceedings in Canada under the *Companies’ Creditor Arrangement Act* and because Thornton is particularly well qualified for the type of representation required by the Debtors. Thornton is a well-respected law firm with practices in areas of the law that may generate issues in these cases, including, but not limited to, restructuring and litigation. Thornton has experience in numerous recognition proceedings under the *Companies’ Creditors Arrangement Act*. Accordingly, Thornton possesses the requisite expertise and background to handle the Legal Services.

12. The Debtors contemplate that Thornton will render the following legal services:

- A. advising the Debtors of their rights, powers and duties under the *Companies’ Creditors Arrangement Act*;
- B. advising the Debtors concerning, and assisting in the negotiation and documentation of, all papers necessary under the *Companies’ Creditors Arrangement Act*;
- C. preparing on behalf of the Debtors all necessary and appropriate applications, motions, pleadings, draft orders, notices, schedules, and other documents under the *Companies’ Creditors Arrangement Act*;
- D. advising the Debtors concerning, and preparing responses to, applications, motions, pleadings, notices and other papers that may be filed and served in the recognition proceeding; and

² The amount billed on December 9, 2011 included Pre-Petition Date expenses and attorney time accrued but not recorded on Thornton’s computerized time/expense system until after the Petition Date which were estimated for the purpose of the bill. The Retainer was then reduced by the amount billed. To the extent that the estimated expenses and attorney time is less than the actual accrued amount, the difference will be added back to the Retainer increasing the Retainer by such amount.

E. performing all other legal services for and on behalf of the Debtors that may be necessary or appropriate in the recognition proceeding and under or related to the *Companies' Creditors Arrangement Act*.

13. Thornton will record its time for the foregoing general services into four specific categories, and such other additional categories as may prove necessary:

- A. Recognition Proceeding;
- B. Case Administration;
- C. Fee and Retention Applications; and
- D. Expenses.

14. The Debtors request that all legal fees and related costs incurred by the Debtors on account of services rendered by Thornton in these cases be paid as administrative expenses of the estate in accordance with the applicable provisions of the interim and/or final financing orders and other applicable orders entered in these cases (collectively the "Case Orders"). Subject to the Court's approval, Thornton will charge the Debtors for its legal services on an hourly basis, billed in tenths of hours, in accordance with its ordinary and customary hourly rates in effect on the date that such services are rendered. The current hourly rates charged by Thornton for the professionals and paraprofessionals employed in its offices are provided below:³

³ The rates charged by each Thornton professional differ based on, among other things, such professional's level of experience.

<u>Billing Category</u>	<u>Range</u>
Partners	\$595 - \$925
Associates	\$300 - \$575
Paraprofessionals	\$300

15. These hourly rates are subject to periodic adjustments to reflect economic and other conditions. Thornton will maintain detailed records of time and any actual and necessary costs incurred in connection with the aforementioned legal services. Thornton intends to apply to the Court for compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of this Court (the “Local Rules”), but, pending such applications, Thornton requests payment of its monthly fees and expenses as more fully set forth herein and in the “Motion for Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals and Committee Members” filed concurrently herewith.

16. The Debtors have agreed, subject to approval of the Court, to pay Thornton, upon such terms and conditions.

17. The names, positions, and current hourly rates of the Thornton professionals presently expected to have primary responsibility for providing services to the Debtors are as follows: John Porter (Litigation and Restructuring Partner) – C\$800/hour and Kyla Mahar (Restructuring Associate) – C\$575/hour. In addition, from time to time, it may be necessary for other Thornton professionals to provide services to the Debtors.

18. To the best of the Debtors’ current knowledge, information, and belief, other than in connection with these chapter 11 cases, Thornton has no connection with the Debtors, their creditors or any other party in interest herein, or their respective attorneys or accountants, or the United States Trustee, his assistant trustees, or any person employed as an attorney in the Office

of the United States Trustee, except as set forth herein and in the Porter Declaration.⁴ From time to time, Thornton may have represented certain creditors and other parties in interest, or interests adverse to such creditors or parties in interest, in matters unrelated to the Debtors' chapter 11 cases, all as further described in the Porter Declaration.

19. To the best of the Debtors' knowledge, information, and belief, Thornton does not represent and does not hold any interest adverse to the Debtors or their estate, creditors, equity or security holders in the matters for which Thornton is proposed to be retained. Accordingly, Thornton is a "disinterested person" within the meaning of sections 101(14) and 327 of the Bankruptcy Code, and its retention is in the best interests of the Debtors, their estates and creditors.

NOTICE

20. The Debtors will provide notice of this Application to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee; (b) the Debtors' secured lenders; (c) the creditors holding the thirty (30) largest unsecured claims on a consolidated basis; and (d) all known taxing authorities that have claims against the Debtors. In light of the nature of the relief requested, the Debtors submit that no further notice is required.

NO PRIOR REQUEST

21. No prior motion for the relief requested herein has been made to this or any other court.

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⁴ The Debtors' knowledge, information, and belief regarding the matters set forth in paragraphs 18 and 19 of this Application are based upon and are made in reliance upon the Porter Declaration.

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested herein, and such other and further relief as the Court deems just and proper.

Dated: December 13, 2011

Respectfully submitted,

By: /s/ John P. Sieger

John P. Sieger (ARDC No. 6240033)
Peter J. Siddiqui (ARDC No. 6278445)
Paige E. Barr (ARDC No. 6282474)
KATTEN MUCHIN ROSENMAN LLP
525 West Monroe Street
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Paige.Barr@kattenlaw.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

Exhibit A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 11
)
HARTFORD COMPUTER HARDWARE,) Case No. 11-49744 (PSH)
INC., *et al.*,¹) (Joint Administration Pending)
)
Debtors.) Hon. Pamela S. Hollis

**DECLARATION OF JOHN PORTER IN ACCORDANCE WITH
SECTION 327 OF THE BANKRUPTCY CODE AND RULE 2014
OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

I, JOHN PORTER, having personal knowledge of the facts herein, state as follows under the penalty of perjury in accordance with 28 U.S.C. § 1746:

1. I am an attorney of the firm of Thornton Grout Finnigan LLP (“Thornton”), located at Suite 3200, Canadian Pacific Tower, 100 Wellington Street West, P. O. Box 329, Toronto-Dominion Centre, Toronto, ON M5K 1K7 Canada. I am called to the Bar of Ontario.

2. I make this declaration (the “Declaration”) in support of the Debtors’ Application for Order Authorizing Debtors to Retain and Employ Thornton Grout Finnigan LLP as Counsel (the “Application”), which is made in accordance with section 327 of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

3. The above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) desire to retain and employ Thornton as their counsel, under a general retainer in accordance with the applicable terms of the Case Orders,² to represent the Debtors in their

¹ The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

² Terms not otherwise defined herein shall have the meaning ascribed in the Application.

foreign recognition proceeding in Canada under the *Companies' Creditors Arrangement Act*, pursuant to section 327 of the Bankruptcy Code and Bankruptcy Rule 2014. Thornton is particularly well suited for the type of representation required by the Debtors. Thornton is a Canadian law firm with practices in areas of the law that may generate issues in these cases, including restructuring and litigation. Thornton has experience in numerous recognition proceedings under the *Companies' Creditors Arrangement Act*. Accordingly, Thornton possesses the requisite expertise and background to handle the Legal Services.

4. Thornton contemplates that it will render the following general legal services:

A. advising the Debtors of their rights, powers and duties under the *Companies' Creditors Arrangement Act*;

B. advising the Debtors concerning, and assisting in the negotiation and documentation of, all papers necessary under the *Companies' Creditors Arrangement Act*;

C. preparing on behalf of the Debtors all necessary and appropriate applications, motions, pleadings, draft orders, notices, schedules, and other documents under the *Companies' Creditors Arrangement Act*;

D. advising the Debtors concerning, and preparing responses to, applications, motions, pleadings, notices and other papers that may be filed and served in the recognition proceeding; and

E. performing all other legal services for and on behalf of the Debtors that may be necessary or appropriate to the recognition proceeding and under or related to the *Companies' Creditors Arrangement Act*.

5. Thornton intends to record its time for the foregoing general services into four specific categories, and such other additional categories as may prove necessary:

A. Recognition Proceeding;

B. Case Administration;

C. Fee and Retention Applications; and

D. Expenses.

6. Thornton is willing to serve as special counsel for the Debtors in these chapter 11 cases and to accept compensation for professional services rendered (on an hourly basis) and reimbursement of expenses incurred in accordance with sections 328, 330, and 331 of the Bankruptcy Code and applicable provisions of both the Bankruptcy Rules and the Local Rules. Thornton intends to charge for its legal services in these chapter 11 cases in accordance with its usual and customary billing practices. Thornton's current hourly rates for its professionals and paraprofessionals employed in its offices are set forth below³:

<u>Billing Category</u>	<u>Range</u>
Partners	\$595- \$925
Associates	\$300 - \$575
Paraprofessionals	\$300

7. The names, positions, and current hourly rates of the Thornton professionals presently expected to have primary responsibility for providing services to Debtors are as follows: John Porter (Litigation and Restructuring Partner) – C\$800/hour and Kyla Mahar (Restructuring Associate) – C\$575/hour. In addition, from time to time, it may be necessary for other Thornton professionals to provide services to the Debtors.

8. These hourly rates are subject to periodic adjustments to reflect economic and other conditions. Thornton will maintain detailed records of any actual and necessary costs incurred in connection with the aforementioned legal services.

9. It is Thornton's policy to charge its clients, in all areas of practice, for disbursements and expenses incurred in connection with its client's cases. These disbursements and expenses include, among other things, costs for long distance telephone and faxes, photocopying, working meals, traveling expenses, computerized research (which are billed to the

³ The rates charged by each Thornton professional differ based on, among other things, such professional's level of experience.

Debtors on an as-used basis and are not a part of Thornton's overhead), messengers, couriers, postage, witness fees and other fees related to the proposed engagement. Thornton will charge for these expenses in a manner and at rates consistent with charges made to Thornton's other clients.

10. Thornton intends to apply to the Court for compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, but, pending such applications, Thornton requests payment of its monthly fees and expenses as more fully set forth herein and in the "Motion for Administrative Order under Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members" filed herewith.

11. The Debtors have agreed, subject to approval of the Court, to pay Thornton, upon such terms and conditions.

12. Thornton has conducted an extensive conflict of interest search using its computerized conflict of interest database to determine whether it has any connections or relations to (a) the Debtors; (b) the Debtors' secured creditors; (c) more than 1,120 of the Debtors' largest unsecured creditors as of the Petition Date, and (d) the Debtors' shareholders. Neither I, Thornton, nor any partner or associate thereof, insofar as I have been able to ascertain, hold or represent any interest adverse to the Debtors or their estate, creditors, equity or security holders. Further, insofar as I have been able to ascertain, other than in connection with these chapter 11 cases and in connection with certain pre-petition real estate matters, Thornton has no connection (connection being defined as a professional relationship) with the Debtors, their creditors, any of the Judges for the United States Bankruptcy Court for the Northern District of

Illinois, the United States Trustee or any person employed in the Office of the United States Trustee, except as set forth below. Accordingly, Thornton is a “disinterested person” within the meaning of sections 101(14) and 327 of the Bankruptcy Code.

13. From time to time, Thornton has in the past represented, may at present represent, and may in the future represent certain creditors and other parties in interest, or interests adverse to such creditors or parties in interest, in matters wholly unrelated to the Debtors’ chapter 11 case. For example, Thornton has in the past represented, and may at present represent, the following unsecured creditors of the Debtors, or affiliates of such unsecured creditors, in matters not related to the Debtors’ chapter 11 cases: Avnet, Inc.; Bell Canada; Canon Canada, Inc. Flextronics Telecom System, Ltd. and Flextronics (Canada) Inc.

14. Many of Thornton’s representation of the above clients consist of episodic transactional matters. Thornton’s representation of the above entities will not affect Thornton’s representation of the Debtors in these cases. Thornton does not represent the above entities in any matters adverse or related to the Debtors in their chapter 11 cases. Moreover, of the entities listed above or their affiliates, most accounted for less than 1% of the value of time billed to client matters during Thornton’s last fiscal year.

15. Other than as set forth above, I am not related, and to the best of my knowledge, no attorney at Thornton is related to any United States Bankruptcy Judge for the Northern District of Illinois or the United States Trustee for such district or any employee in the office thereof.

16. Furthermore, Thornton is conducting a continuing inquiry to ascertain whether there exists any situation which would affect, or appear to affect, Thornton’s status as a

“disinterested” person. I will file promptly a supplemental affidavit with this Court after this inquiry is completed, if additional disclosure is required.

17. Thornton has no agreement with any other entity to share with such entity any compensation received by Thornton in connection with these chapter 11 cases.

18. Thornton’s prepetition representation of the Debtors included the preparation papers necessary to request recognition of these chapter 11 cases in Canada under the *Companies’ Creditors Arrangement Act*. All fees and expenses were duly paid as of the Petition Date (the “Pre-Petition Fees”). As such, Thornton is not a creditor of the Debtors. Within the one year period prior to the Petition Date, Thornton has received approximately US\$100,000 and CDN\$90,335.69 from the Debtors in payment for legal services rendered and expenses incurred on behalf of the Debtors, approximately CDN\$118,309.37 of which was received in payment for legal services rendered and expenses incurred in anticipation of the filing of these cases, and U.S.\$72,301.95 of which is being held by Thornton as a retainer (the “Retainer”).⁴ A summary of all payments received by Thornton within ninety days of the date hereof, invoices to which those payments were applied, along with all retainers received, is attached to the Application as **Exhibit B**.

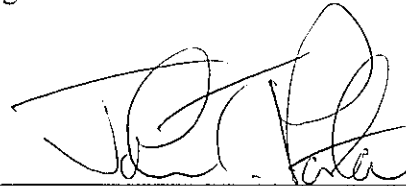
19. I have advised the Debtors of Thornton’s willingness to serve as their counsel. Thornton intends to charge for its legal services in these chapter 11 cases in accordance with its usual practice, applying its customary hourly rates for matters of this type, and charging for all expenses and other disbursements necessarily incurred and customarily billed to its clients.

⁴ The amount billed on December 9, 2011 included Pre-Petition Date expenses and attorney time accrued but not recorded on Thornton’s computerized time/expense system until after the Petition Date which were estimated for the purpose of the bill. The Retainer was then reduced by the amount billed. To the extent that the estimated expenses and attorney time is less than the actual accrued amount, the difference will be added back to the Retainer increasing the Retainer by such amount.

20. For the reasons set forth above, I and the other attorneys employed by Thornton are well qualified to act as counsel for the Debtors, and neither I, Thornton, nor any partner or associate of Thornton will, while employed by the Debtors, represent in connection with these chapter 11 cases, any entity holding an interest adverse to the Debtors or their estates.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 12, 2011

A handwritten signature in black ink, appearing to read "John Porter", written over a horizontal line.

John Porter

Exhibit B

Disclosure of Payments Received Within 90 Days of the Petition Date

Transaction	Date	Amount
Retainer	September 22, 2011	US \$100,000.00
Payment of Invoices 24646 and 24816	December 1, 2011	CDN \$42,017.94
Payment of Invoice 24862	December 9, 2011	CDN \$48,335.79
Reduction of Retainer for Payment of Invoice No. 24878	December 9, 2011	CDN \$27,955.64

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**IN THE UNITED STATES BANKRUPTCY COURT
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In re:) Chapter 11
)
HARTFORD COMPUTER HARDWARE,) Case No. 11-49744 (PSH)
INC., *et al.*,¹) (Joint Administration Pending)
)
Debtors.) Hon. Pamela S. Hollis

**ORDER AUTHORIZING DEBTORS TO RETAIN AND EMPLOY
THORNTON GROUT FINNIGAN LLP AS COUNSEL**

This matter coming before the Court on the Debtors' Application to Retain and Employ Thornton Grout Finnigan LLP as counsel (the "Application")²; the Court having reviewed the Application, the Declaration of John Porter in accordance with Section 327 of the Bankruptcy Code and Bankruptcy Rule 2014, the Disclosure of Compensation of Thornton Grout Finnigan LLP in Accordance with Section 329 of the Bankruptcy Code and Bankruptcy Rule 2016(b) and the Declaration in Support of First Day Relief; the Court having found that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) venue is proper in this district pursuant to 28 U.S.C. § 1408 and 1409, (c) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (d) notice of the Application having been sufficient under the circumstances; and the Court having determined that the legal and factual basis set forth in the Application establish just cause for the relief granted herein;

IT IS HEREBY ORDERED as follows:

1. The Application is GRANTED.

¹ The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

² Capitalized terms not defined herein shall have the meaning given to them in the Application.

2. All objections to the Application or the relief requested therein that have not been made, withdrawn, waived, or settled, and all reservations of rights included therein, hereby are overruled on the merits.

3. Notice of the Application was proper, timely, adequate and sufficient under the particular circumstances.

4. The Debtors shall be, and hereby are, authorized to retain and employ Thornton Grout Finnigan LLP as their counsel in these chapter 11 cases, under a general retainer and in accordance with applicable Case Orders (as defined in the Application) pertaining to the deposit and payment of compensation to professionals.

5. Thornton Grout Finnigan LLP shall be, and hereby is, authorized to perform any and all legal services for the Debtors that are necessary or appropriate in connection with the recognition proceeding under the *Companies' Creditors Arrangement Act*.

6. Thornton Grout Finnigan LLP shall be compensated for such services and reimbursed for all actual, necessary and reasonable expenses or other disbursements incurred in connection with such services in accordance with applicable provisions of the Bankruptcy Code and Bankruptcy Rules, the provisions of the Application, the Case Orders and any future orders of the Court.

7. This Order is effective as of the Petition Date.

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8. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: _____, 2011

UNITED STATES BANKRUPTCY JUDGE