

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF NEW YORK

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In re

Chapter 11

LINCOLN LOGS LTD., *et al.*,<sup>1</sup>

Case No. 08-13079

Debtors.

(Jointly Administered)

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**MOTION FOR ENTRY OF AN ORDER PURSUANT TO SECTION 327(a) OF  
THE BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT OF  
PHILLIPS LYTLE LLP AS ATTORNEYS FOR THE DEBTORS**

Lincoln Logs Ltd., *et al.* (collectively, the “Debtors”), as debtors and debtors-in-possession, present this motion (the “Motion”) under Section 327(a) of Title 11, United States Code (the “Bankruptcy Code”) and Federal Rule of Bankruptcy Procedure (“Bankruptcy Rule”) 2014 for an order authorizing the employment and retention of Phillips Lytle LLP as Debtors’ counsel (“Phillips Lytle”) effective as of the Petition Date (as defined below). The Debtors represent as follows:

**BACKGROUND**

1. The Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on the date hereof (“Petition Date”).
2. Pursuant to Bankruptcy Code Sections 1107(a) and 1108, the Debtors continue to manage their respective property as debtors in possession.

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<sup>1</sup> The Debtors have filed a motion seeking joint administration. Assuming that motion is granted by the Court, this case will be jointly administered with that of Snake River Log Homes, LLC, Case No. 08-13080.

3. Debtor Lincoln Logs Ltd. (“Lincoln”) is a corporation duly formed under the laws of the State of New York, and Debtor Snake River Log Homes, LLC (“Snake River”) is an Idaho limited liability company.

4. Lincoln is headquartered in Chestertown, New York and is a leading supplier of high quality home packages and is possibly the most recognized brand in the industry. Lincoln’s main products are log home building packages and insulated, panelized-wall home building systems.

#### **QUALIFICATIONS OF PHILLIPS LYTLE**

5. The Debtors have employed Phillips Lytle as their attorneys in connection with the commencement and prosecution of their Chapter 11 cases. Pursuant to Section 327(a) of the Bankruptcy Code, the Debtors request the Court to approve the employment of Phillips Lytle, under a general retainer, as their attorneys to perform the extensive legal services that will be necessary during their Chapter 11 cases. The Debtors have been informed that Angela Zwirecki Miller, a partner in Phillips Lytle, as well as other partners and associates of Phillips Lytle who will be employed in these Chapter 11 cases, is admitted to practice before this Court.

6. The Debtors have selected Phillips Lytle as their attorneys because of the firm’s extensive general experience and knowledge and, in particular, its recognized expertise in the field of debtors’ and creditors’ rights and business reorganizations under Chapter 11 of the Bankruptcy Code. Phillips Lytle has the necessary background to deal effectively with many of the potential legal issues and problems which may arise in the context of these Chapter 11 cases. The Debtors believe that Phillips Lytle is both well qualified and uniquely able to represent them in these Chapter 11 cases in a most efficient and timely manner.

7. The services of Phillips Lytle under a general retainer are necessary in order to enable the Debtors to properly execute their duties as debtors and debtors-in-possession.

8. The professional services that the Debtors expect Phillips Lytle to render to the Debtors include, but shall not be limited to, the following:

- (a) providing legal advice with respect to the Debtors' powers and duties as debtors-in-possession in the continued operation of their businesses and management of their property;
- (b) negotiating, drafting and pursuing confirmation of any plan of reorganization and approval of any accompanying disclosure statement;
- (c) preparing on behalf of the Debtors all applications, motions, answers, orders, reports and other legal papers necessary to the administration of the Debtors' estates;
- (d) appearing in Court and protecting the interests of the Debtors before the Court;
- (e) assisting with any disposition of the Debtors' assets, by sale or otherwise;
- (f) providing all legal services in connection with the Debtors' financing and use of cash collateral, including, without limitation, negotiations, documentation, preparing pleadings and other actions necessary to have any such financings approved by the Court;
- (g) attending all meetings and negotiating with representatives of creditors, the United States Trustee, and other parties-in-interest; and
- (h) performing all other legal services for, and providing all other necessary legal advice to, the Debtors which may be necessary and proper in these cases.

9. It is necessary that the Debtors employ attorneys under a general retainer to render the foregoing services.

10. Phillips Lytle has stated its desire and willingness to act in these cases and render the necessary professional services as attorneys for the Debtors.

11. To the best of the Debtors' knowledge, based upon the Declaration of Angela Z. Miller (the "Miller Declaration") attached to the Motion, and except as set forth in the Motion, Phillips Lytle (a) does not hold or represent any interest adverse to the Debtors or their chapter 11 estates, their creditors, or any other party in interest and (b) is a "disinterested" person as that term is defined in Section 101(14) of the Bankruptcy Code. Because Phillips Lytle is a large firm, the Debtors are aware that Phillips Lytle may represent, or may have represented, certain creditors of the Debtors' estate or other parties-in-interest in matters unrelated to the Debtors or these cases, which representations are disclosed in the Miller Declaration.

12. Phillips Lytle received an aggregate retainer of \$30,000 as an advance security retainer (the "Retainer") to be applied against fees incurred for Phillips Lytle's fees and expenses related to and in preparation for the filing of a bankruptcy petition and as permitted by the Court after the Petition Date. Per the terms of Phillips Lytle's engagement, the Retainer will effectively be treated as an "evergreen retainer" and held pending this Court's approval of Phillips Lytle's fee application. Phillips Lytle is currently owed approximately \$6,000.00 for services incurred in approximately the last week in preparation for Chapter 11, and the retainer has a balance of \$8,610.12.

13. Phillips Lytle intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of United States Bankruptcy Court for the Northern District of New York ("Local Rules") and orders of the Court

14. The Debtors, subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules and orders of the Court, propose to pay Phillips Lytle its

customary hourly rates in effect from time to time as set forth in the Miller Declaration and submits that such rates are reasonable.

15. No trustee, examiner, or creditors' committee has been appointed in these cases. Notice of this Motion has been given to the United States Trustee. The Debtor submits that given the nature of the relief requested, no other or further notice need be given.

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

### **CONCLUSION**

WHEREFORE, the Debtors respectfully request entry of an order granting the relief requested herein together with such further relief as the Court deems just and proper.

Dated: September 19, 2008  
Buffalo, New York

LINCOLN LOGS LTD.

By /s/ Jeff LaPell  
Name Jeff LaPell  
Title Chief Operating Officer

PHILLIPS LYTTLE LLP

By /s/ Angela Z. Miller  
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