

1 JEFFER MANGELS BUTLER & MITCHELL LLP
2 BENNETT G. YOUNG (Bar No. 106504)

3 *byoung@jmbm.com*
4 Two Embarcadero Center, 5th Floor
5 San Francisco, California 94111-3813
6 Telephone: (415) 398-8080
7 Facsimile: (415) 398-5584

8 Proposed Attorney for
9 ARADIGM CORPORATION
10 Debtor and Debtor-in-Possession

11 UNITED STATES BANKRUPTCY COURT
12
13 NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

14 In re
15 ARADIGM CORPORATION

CASE NO. 19-10393 WJL

Chapter 11

**DECLARATION OF BENNETT G.
YOUNG IN SUPPORT OF APPLICATION
OF DEBTOR AND DEBTOR IN
POSSESSION FOR ORDER
AUTHORIZING THE EMPLOYMENT OF
JEFFER MANGELS BUTLER &
MITCHELL LLP AS GENERAL
BANKRUPTCY COUNSEL TO THE
DEBTOR**

Judge: William J. Lafferty

16 I, Bennett G. Young, do hereby declare and state as follows:

17 1. I am an attorney admitted to practice in the State of California and the United States
18 District Courts for the Central, Eastern, Northern and Southern Districts of California and am a
19 partner in the law firm of Jeffer Mangels Butler & Mitchell LLP ("JMBM"). The matters set forth
20 herein are made of my own personal knowledge and, if called and sworn as a witness, I could and
21 would testify competently thereto. Capitalized terms used in this declaration and not specifically
22 defined herein shall have the meaning ascribed to such terms in the Application.

23 2. This declaration is made in support of the foregoing application for JMBM to be
24 employed as general bankruptcy counsel to Aradigm Corporation, debtor and debtor in possession

1 herein, and is in accordance with Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy
2 Procedure.

3 3. JMBM has an office in San Francisco at Two Embarcadero Center, Suite 500, San
4 Francisco California 94111, telephone number (415) 398-8080, facsimile number (415) 398-5584.
5 JMBM is composed of over 120 attorneys who specialize in the practice of, among other things,
6 reorganization and bankruptcy law, as well as corporate, litigation, real estate, hospitality, land use,
7 tax and labor law. JMBM believes that its attorneys have a very good reputation in the legal
8 community and with the courts of this district. All attorneys comprising or employed by JMBM
9 who will appear in cases in which the Debtor may be a party are duly admitted to practice law in the
10 courts of the respective jurisdictions where they are required to render such services, or have been
11 admitted *pro hac vice*. A summary of the experience and qualifications of JMBM attorneys
12 expected to render services to the Debtor is attached hereto as Exhibit A (the "Firm Resume"). he
13 names, positions, and current hourly rates of the JMBM professionals presently expected to have
14 primary responsibility for providing services to the Debtor are as follow: Bennett G. Young
15 (Partner) - \$785/hour. JMBM's current hourly rates are subject to periodic adjustment and the
16 applicable rates are those in effect at the time the services are rendered.

17 4. As a member of JMBM's Bankruptcy Department, I will have primary responsibility
18 for the representation of the Debtor, and will coordinate with other members of JMBM as
19 necessary, to provide the Debtor with representation in other areas of law. If counsel other than
20 JMBM is required to adequately represent the Debtor, appropriate application will be made to the
21 Court in connection therewith.

22 5. All members of JMBM who will render services on behalf of the Debtor are familiar
23 with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules
24 and the Region 17 United States Trustee Guidelines ("UST Guidelines") promulgated by the Office
25 of the United States Trustee ("UST"), and intend to comply with the foregoing in all respects.

26 6. This chapter 11 case was commenced on February 15, 2019, by the filing of a
27 voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

28 7. On or about February 11, 2019, JMBM was retained by the Debtor to file this

Chapter 11 case. A true and complete copy of the engagement agreement between the Debtor and JMBM is attached to the Declaration of Bennett G. Young as Exhibit B. The engagement agreement is JMBM's standard form engagement agreement. JMBM understands and agrees that: (a) notwithstanding paragraph 5 of the engagement agreement, any lien on the Retainer will only be allowed consistent with applicable bankruptcy law, (b) notwithstanding paragraph 6 of the engagement agreement, interest may not be charged on past due balances inconsistent with applicable bankruptcy law, and (c) notwithstanding paragraph 11 of the engagement agreement, JMBM acknowledges and understands that if any dispute arises between the Debtor and JMBM in the context of JMBM's representation of the Debtor in the bankruptcy case, such dispute(s) shall be heard by and otherwise resolved by the Bankruptcy Court and that the parties may or may not be entitled to a jury trial as determined by applicable law.

8. JMBM was initially retained by Debtor on or about October 23, 2018 to advise the Debtor regarding certain contingency planning. JMBM was paid an initial retainer of \$2,500 on or about October 23, 2018. On January 29, 2019, February 6, 2019, and February 13, 2019, JMBM was paid additional retainers in the amount of \$2,500; \$10,000; and \$251,717, respectively (collectively, the "Retainer"). The source of the Retainer was the Debtor's funds. JMBM and the Debtor agreed that the Retainers would be applicable to services rendered and expenses incurred by JMBM on behalf of the Debtor in the bankruptcy case. \$25,291.16 of the Retainer was applied to prepetition services rendered and expenses incurred, leaving a balance of \$241,425.84 as of the Petition Date.

9. JMBM has agreed to accept compensation from the estate for its services in such additional sums as may be allowed by this Court, based upon time spent and services rendered, results achieved, difficulties encountered, and other appropriate factors.

10. All fees paid by the Debtor's estate or requested by JMBM will be subject to application to and approval by this Bankruptcy Court, after appropriate notice to creditors in accordance with 11 U.S.C. §§ 328, 330, and 331, Rule 2016 of the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and the UST Guides.

11. JMBM does not hold any pre-petition claims against Debtor or the estate of the

1 Debtor and, as such, is not a creditor of the Debtor.

2 12. JMBM is not an equity security holder or an insider of the Debtor.

3 13. JMBM is not and was not, within two years before the date of the filing of the
4 petition herein, an employee of the Debtor.

5 14. JMBM is not and was not an investment banker for any outstanding security of the
6 Debtor.

7 15. JMBM has not been within three (3) years before the date of the filing of the petition
8 herein, an investment banker for a security of the Debtor, or an attorney for such an investment
9 banker in connection with the offer, sale or issuance of any security of the Debtor.

10 16. JMBM is not and was not, within two (2) years before the date of the filing of the
11 petition herein, a director, officer or employee of the Debtor or of any investment banker for any
12 security of the Debtor.

13 17. JMBM has not previously represented Debtor or its owners, officers, directors or
14 affiliates other than as described herein.

15 18. I requested from the debtor a list of the Debtor's creditors. I ran all of the names on
16 that list through JMBM's conflict system. Based on the results of that search, JMBM has no
17 connection to the Debtor's creditors, and does not hold or represent any interest adverse to the
18 Debtor or the estate.

19 19. To the best of my knowledge, JMBM does not and has not represented any other
20 entities in any matters directly related to the Debtor. Should an actual conflict of interest arise in the
21 future, JMBM understands that its employment may be subject to termination, modification, or
22 limitation in scope. In the event any actual conflict arises, JMBM will promptly inform the Court
23 and the Office of the United States Trustee and will seek appropriate waivers, and will utilize the
24 other counsel retained by the Debtor should any such situation arise.

25 20. After due investigation and inquiry, I believe that as of the date of execution of this
26 declaration, JMBM is composed of "disinterested persons" within the meaning of Section 101(14)
27 of the Bankruptcy Code, who have no adverse representation to the Debtor that might give rise to a
28 conflict of interest and that JMBM has no interest materially adverse to the interests of the Debtor's

1 estate, or of any class of creditors or equity security holders, by reason of any direct or indirect
2 relationship to, connection with, or interest in, the Debtor, or for any other reason. Furthermore, to
3 the best of my knowledge, information and belief, none of the professionals comprising or
4 employed by JMBM is related to any judge of the United States Bankruptcy Court of this District,
5 the U.S. Trustee or any person employed in the Office of the U.S. Trustee.

6 21. JMBM has not shared or agreed to share compensation for its representation of the
7 Debtor with any other person, except as among its members.

8 I declare under penalty of perjury under the laws of the United States of America that the
9 foregoing is true and correct and that this declaration is being executed this 22 day of February
10 2019, at San Francisco, California.

11 /s/ Bennett G. Young
12 BENNETT G. YOUNG
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