

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:	Chapter 11 Bankruptcy
INTREPID U.S.A., INC.	Case No. 04-40416-NCD
AND JOINTLY ADMINISTERED CASES,	Case No. 04-40462-NCD
	Case No. 04-40418-NCD
Debtors.	Case Nos. 04-41924-041988-NCD

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**OBJECTION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
TO MOTION AUTHORIZING DEBTORS TO PAY DUE DILIGENCE FEES TO  
POTENTIAL LENDERS FOR RECAPITALIZATION OR BUYERS FOR SALE**

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TO: The Debtors, the United States Trustee, and parties in interest as identified in Local Rule 9013-3.

The Official Committee of Unsecured Creditors (the “Committee”), by and through its undersigned counsel, hereby respectfully objects to the Motion Authorizing Debtors to Pay Due Diligence Fees to Potential Lenders for Recapitalization or Buyers for Sale (the “Motion”).

At the outset of these cases, there was a great deal of uncertainty as to whether the Debtors would survive. Beyond the warfare between the Debtors and its owner, Todd Garamella (“Garamella”), on the one hand, and the DVI lenders (“DVI”), on the other hand, the Debtors faced serious operational hurdles. They had looming financial crises involving operating loses, payments due to the Federal government and workers’ compensation issues. The Committee worked with the parties to devise a resolution that enabled a crises management firm to take the helm and help stabilize the Debtors’ day-to-day operations.

Now that the Debtors operations have been stabilized and appear to have substantially improved, the Debtors are taking the steps necessary to exit bankruptcy. Unfortunately, for all concerned—the Debtors’ crisis management firm—has excluded the Committee and others from

that process. The result of that exclusion is that the Debtors file ill-considered motions such as the one before the Court. The result of such motions is increased skepticism on the part of the Committee and oppositions from all of the parties involved in the case.

In their current Motion, the Debtors seek authorization (and the discretion) to pay up to a maximum total of \$500,000 in due diligence fees for potential lenders or buyers. However, the Debtors do not yet have any concrete proposals for a sale or recapitalization, at least none that have been disclosed to the Committee. Despite not knowing how many serious participants will request reimbursement of their due diligence fees, the Debtors seek blanket authorization to dangle a \$500,000 carrot to the prospective buyers. Furthermore, as DVI noted in its objection, Debtors appear to suggest paying the due diligence fees to potential lenders and buyers without any consideration or commitment in return.

The Committee joins with DVI in supporting the Debtors' efforts in effectuating a plan that will result in the Debtors' prompt exit from chapter 11. However, the Committee does not believe that granting the Debtors blank authorization and discretion to pay out up to \$500,000 in due diligence fees to potential lenders or buyers will achieve this objective.

Moreover, the Committee objects to the payment of the due diligence fees as being outside the scope and budget of the Debtor's DIP financing agreement. The budget submitted by the Debtors in connection with the DIP financing agreement, and under which the Debtors have been operating does not contemplate paying due diligence fees as the Debtors have requested in their Motion. Additionally, without serious prospects for recapitalization or sale, the payment of due diligence fees to potential lenders or buyers is ill-advised.

Of equal concern to the Committee is the lack of communication and coordination from the Debtors and its management consultants, XRoads Solutions Group, LLC ("XRoads"). The

Committee was disappointed not to be informed of the Debtors' intent to seek authorization to pay due diligence fees to potential lenders or buyers prior to the Motion being filed. The Debtors and XRoads have not engaged in any meaningful discussions with the Committee on the process or structure of any proposed plan for recapitalization or sale of the Debtors. Going forward, the Committee hopes that the Debtors and XRoads will keep the Committee involved and informed of any proposed plan for the Debtors' prompt exit from Chapter 11.

For the foregoing reasons, the Official Committee of Unsecured Creditors respectfully request that Debtors' Motion be denied in all respects.

Dated: October 22, 2004.

Respectfully Submitted,

BUCHALTER, NEMER, FIELDS & YOUNGER

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-and-

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ATTORNEYS FOR THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MINNESOTA

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In re:

Chapter 11 Bankruptcy

INTREPID U.S.A., INC.  
INTREPID OF GOLDEN VALLEY, INC.  
F.C. ACQUISITION CORPORATION,

BKY No. 04-40416  
BKY No. 04-40462  
BKY No. 04-40418  
Case Nos. 04-41924 – 04-41988

Debtors.

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**UNSWORN CERTIFICATE OF SERVICE**

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I, Marie Dagostino, declare under penalty of perjury that on October 22, 2004, I mailed a copy of the foregoing Objection of Official Committee of Unsecured Creditors to Motion Authorizing Debtors to Pay Due Diligence Fees to Potential Lenders for Recapitalization or Buyers for Sale by first class mail, postage prepaid to each entity named below at the address stated below for each entity.

(SEE ATTACHED SERVICE LIST)

Dated: October 22, 2004

By: /e/Marie Dagostino  
Marie Dagostino

**SERVICE LIST**

<p><b>(Debtor)</b> INTREPID USA INC 6600 FRANCE AVE S STE 510 EDINA MN 55425</p>	<p><b>(Members of Creditors' Committee)</b> QBF C/O TOM HOERR 5097 NATHAN LN MPLS MN 55442</p>	<p><b>(Creditors and Attorneys for Notice)</b> DVI FINANCIAL SERVICES INC C/O CLARK T WHITMORE 90 S 7<sup>TH</sup> ST STE 3300 MPLS MN 55402</p>
<p><b>(Attorney for Debtor)</b> FAYE KNOWLES FREDRIKSON &amp; BRYRON 200 S 6<sup>TH</sup> ST STE 4000 MINNEAPOLIS MN 554502</p>	<p>THE HAYS GROUP INC C/O STEPHEN LERUM 80 S 8<sup>TH</sup> ST STE 700 MPLS MN 55402</p>	<p>DVI BUSINESS CREDIT CORP C/O RICHARD M BECK 260 S BROAD ST PHILADELPHIA PA 19102-3163</p>
<p>MICHAEL P MASSAD HUNTON &amp; WILLIAMS LLP 30<sup>TH</sup> FLOOR, ENERGY PLAZA 1601 BRYAN ST DALLAS TX 75201</p>	<p>MCKESSON INFORMATION SOLUTIONS C/O BRENDA LILE 1550 E REPUBLIC RD SPRINGFIELD MO 65804</p>	<p>US BANK NATIONAL ASSOCIATION C/O MICHAEL R STEWART 2200 WELLS FARGO CENTER 90 S 7TH ST MPLS MN 55402-3901</p>
<p>STEVEN T HOLMES HUNTON &amp; WILLIAMS LLP 30<sup>TH</sup> FLOOR, ENERGY PLAZA 1601 BRYAN ST DALLAS TX 75201</p>	<p>MVR HOMECARE INC C/O VLADIMIR STORCHAF 3435 WASHINGTON DR EAGAN MN 55122</p>	<p>IOS CAPITAL INC BANKRUPTCY ADMINISTRATION 1738 BASS RD PO BOX 13708 MACON GA 31208-3708</p>
<p><b>(Attorney for Creditors' Committee)</b></p>	<p>NATIONWIDE ADVERTISING SERV C/O SUSAN BOWERS 1 INFINITY CORP CENTRE CT CLEVELAND OH 44125</p>	<p>TODD J GAREMELLA C/O JOHN MCDONALD 2800 LASALLE PLAZA 800 LASALLE AVE MINNEAPOLIS MN 55402</p>
<p>US TRUSTEE 1015 US COURTHOUSE 300 SOUTH FOURTH STREET MINNEAPOLIS MN 55415</p>	<p>HANDI MEDICAL SUPPLY INC C/O MARY BENHARDUS 2405 UNIVERSITY AVE W ST PAUL MN 55114</p>	<p>US DEPT OF JUSTICE C/O ROYLENE CHAMPEAUX 300 4<sup>TH</sup> ST RM 600 MPLS MN 55415</p>
<p>US ATTORNEY 600 US COURTHOUSE 300 SOUTH FOURTH STREET MINNEAPOLIS MN 55415</p>	<p>GENESIS HOME CARE INC C/O MICHAEL KASHEVATSKY 3445 WASHINGTON DR EAGAN MN 55122</p>	
<p>MN DEPT OF REVENUE COLLECTION ENFORCEMENT 551 BANKRUPTCY SECTION PO BOX 64447 ST PAUL MN 55164</p>	<p><b>(Major secured creditors)</b></p>	<p>LANG-NELSON ASSOCIATES C/O WILLIAM I KAMPF ESQ., HENSON &amp; EFRON PA 220 S 6TH ST STE 1800 MPLS MN 55402</p>
<p>INTERNAL REVENUE SERVICE SPECIAL PROCEDURES BRANCH 316 N ROBERT ST STOP 5700 ST PAUL MN 55101</p>		

**SERVICE LIST**

<p>IRS OFFICE OF CHIEF COUNSEL 650 GALTIER PLAZA 380 JACKSON ST ST PAUL MN 55101</p>	<p>WHITTEN &amp; YOUNG C/O GARY L HACKER ESQ. PO BOX 208 ABILENE TX 79604</p>	
<p>SECURITIES AND EXCHANGE COMMISSION BANKRUPTCY SECTION 175 W JACKSON BLVD STE 900 CHICAGO IL 60604</p>	<p>ABERFELDY II LTD PTNRSH C/O J DAVID LEAMON ESQ 4000 FOUNTAIN PL 1445 ROSS AVE DALLAS TX 75202-2790</p>	<p>RIVERSIDE CONTRACTING LLC C/O NEIL HERSKOWITZ PO BOX 626 PLANETARUIM STATION NEW YORK NY 10024-0540</p>
<p><b>(Creditors and Attorneys for Notice)</b> NEW OPTIONS FOUNDERS C/O ADAM M SPENCE 105 W CHESAPEAKE AVE STE 400 TOWSON MD 21204</p>	<p>G-FORE ASSOCIATES LLC C/O BRADFORD A STEINER ESQ 2320 SECOND AVE STE 2000 SEATTLE WA 98121</p>	<p>IBM CORPORATION C/O BEVERLY H SHIDELER TWO LINCOLN CENTRE OAKBROOK TERRACE IL 60181</p>
<p>HELLER FINANCIAL INC C/O THOMAS LALLIER ESQ 250 MARQUETTE AVE STE 1200 MPLS MN 55401</p>	<p>ORACLE CORPORATION C/O DEBRA SOLLE HEALY ESQ 18400 VON KARMAN AVE STE 800 IRVINE CA 92612</p>	<p>MVR HOME HELATHCARE INC C/O MATTEW R BURTON ESQ LEONARD O'BRIEN ET AL 100 S 5TH ST STE 2500 MPLS MN 55402</p>
<p>CENTURYTEL INC C/O REX D RAINACH 3622 GOVERNMENT ST BATON ROUGE LA 70806-5720</p>	<p>TROWBRIDGE MARKETING INC C/O MICHAEL T KALLAS ESQ 4930 W 77TH ST STE 210 EDINA MN 55435</p>	<p>ARA RECOVERY LLC C/O JOHN R MCDONALD ESQ 800 LASALLE AVE STE 2800 MPLS MN 55402-2015</p>
<p>LES NELSON INVESTMENTS C/O MARK E FOSSE ESQ 206 S BROADWAY STE 505 PO BOX 549 ROCHESTER MN 55903</p>	<p>NUECES COUNTY C/O DIANE W SANDERS 1949 SOUTH IH 35 PO BOX 17428 AUSTIN TX 78760-7428</p>	<p>AMS GROUP LLC C/O JOHN R MCDONALD ESQ 800 LASALLE AVE STE 2800 MPLS MN 55402-2015</p>
<p>CENTURYTEL INC C/O REX RAINACH 3622 GOVERNMENT CTR BATON ROUGE LA 70806</p>	<p>BEXAR COUNTY C/O DAVID G AELVOET ESQ 711 NAVARRO STE 300 SAN ANTONIO TX 78205</p>	<p>GARAMELLA FAMILY LIMITED PARTNERSHIP C/O JOHN R MCDONALD ESQ 800 LASALLE AVE STE 2800 MPLS MN 55402-2015</p>
<p>HEALTHCARE BUSINESS CREDIT CORP C/O STEVEN W MEYER ESQ. 45 S 7TH ST STE 3300 PLAZA VII MPLS MN 55402</p>	<p>HEALTHCARE ASSOCIATES OF WALTERBORO LLC C/O H FLYNN GRIFFIN III PO BOX 76 COLUMBIA SC 29202</p>	<p>TBJG LLC C/O JOHN R MCDONALD ESQ 800 LASALLE AVE STE 2800 MPLS MN 55402-2015</p>
<p>BIZROCKET.COM INC C/O DOWNS AND ASSOCIATES 255 UNIVERSITY DR CORAL GABLES FL 33134</p>	<p>CAPITALSOURCE FINANCE LLC C/O STEVEN KLUZ SR ESQ 333 S 7TH ST STE 2000 MPLS MN 55402</p>	<p>HAYS GROUP INC C/O STEVEN SCOTT ESQ 3300 EDINBOROUGH WAY STE 400 EDINA MN 55435</p>

**SERVICE LIST**

	<b>(Creditors and Attorneys for Notice)</b> GUARDIAN HOME CARE C/O LARRY B RICKES ESQ 150 S 5TH ST STE 2300 MPLS MN 55402	