

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

In re:

MONTREAL MAINE & ATLANTIC
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670

Chapter 11

**APPLICATION FOR ORDER, PURSUANT TO SECTIONS 327 AND 328
OF THE BANKRUPTCY CODE, AUTHORIZING THE EMPLOYMENT
OF VERRILL DANA LLP AS SPECIAL COUNSEL FOR THE TRUSTEE**

Robert J. Keach (the "Trustee"), the chapter 11 trustee in the above-captioned case, hereby requests that this Court enter an order approving the Trustee's employment of Verrill Dana LLP ("Verrill Dana") as special counsel for the Trustee *nunc pro tunc* to August 21, 2013.

JURISDICTION, VENUE AND STATUTORY BASIS

1. This Court has jurisdiction to entertain this application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates and applicable rules for the relief sought herein are §§ 327(e) and 328(a) of the United States Bankruptcy Code, Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (hereinafter "Fed. R. Bankr. P.") and Rules 2014-1, 2014-2 and 2014-3 of this Court's local rules (the "Local Rules").

BACKGROUND

2. On August 7, 2013 (the "Petition Date"), Montreal Maine & Atlantic Railway, Ltd., the above-captioned debtor (the "Debtor"), filed a voluntary petition for relief under chapter 11 of 11 U.S.C. § 101 *et seq.* (the "Bankruptcy Code"). On August 21, 2013, the United States Trustee (the "U.S. Trustee") appointed the Trustee to serve in the Debtor's Chapter 11 case (the "Case") pursuant to 11 U.S.C. § 1163.

3. The Debtor is a Delaware corporation that, since January 2003, has operated in an integrated, international shortline freight railroad system (the “System”) with its wholly-owned Canadian subsidiary, Montreal Maine & Atlantic Co. (“MMA Canada”). The Debtor and MMA Canada have fully-integrated business operations and accounting, with the Debtor collecting most of the generated revenue and transferring to MMA Canada the funds required to pay its expenses.¹ MMA Canada filed for protection from creditors in a concurrent proceeding under Canada’s Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “Canadian Case”).

4. The System has 510 route miles of track in Maine, Vermont and Quebec and operates from its head office in Hermon, Maine. The System is a substantial component of the transportation system of Northern Maine, Northern New England, Quebec, and New Brunswick. Prior to the Petition Date, the Debtor employed approximately 179 people and operated about 15 trains daily.

5. As set forth on the record by the Debtor’s counsel during the the August 8, 2013 hearing, and as discussed in the *Affidavit of M. Donald Gardner, Jr. in Support of First Day Pleadings* [Docket No. 11] (the “Gardner Affidavit”), The Debtor’s bankruptcy case was precipitated by the derailment, on July 6, 2013, of an unmanned eastbound Debtor train with 72 carloads of crude oil and 5 locomotive units, in Lac-Mégantic, Quebec (the “Derailment”). The Derailment set off several massive explosions, destroyed part of downtown Lac-Mégantic, and is presumed to have killed 47 people. Prior to the Petition Date, and as a result of the Derailment and the related injuries, deaths, and property damage, lawsuits were filed against the Debtor both

¹ The historical facts relating to the Debtor are alleged upon the Trustee’s current information and belief. The Trustee was recently appointed and has not yet completed his investigation of the Debtor, its assets or operations, or any other circumstances, including those leading to the commencement of the Case. The Trustee reserves his right to allege different facts if and when he becomes aware of new or different information.

in the United States and Canada. The Trustee expects that the estate will face significant prepetition personal injury, wrongful death, and environmental claims.

6. Post-Derailment, the Debtor's aggregate monthly gross revenues dropped to approximately \$1 million. As a result of the Derailment, the Debtor has lost much of its freight business, and faces litigation claims and extraordinary environmental clean-up liability. These issues precipitated the filing.

RELIEF REQUESTED

7. Subject to the approval of this Court, the Trustee seeks to employ Verrill Dana to serve as special counsel in connection with the Case, *nunc pro tunc* to August 21, 2013. Accordingly, pursuant to §§ 327(e) and 328(a) of the Bankruptcy Code and Fed. R. Bankr. P. 2014(a), the Trustee requests that this Court approve the employment of Verrill Dana effective August 21, 2013 to perform necessary legal services on his behalf during the Case.

BASIS FOR RELIEF

8. Under section 327(e) of the Bankruptcy Code, a trustee is authorized to employ, for a specified special purpose, other than to represent the trustee in conducting the case, an attorney that has represented the debtor, if in the best interest of the estate, and if such attorney does not represent or hold any interest adverse to the debtor or to the estate with respect to the matter on which such attorney is to be employed. *See* 11 U.S.C. §327(e). Under section 328(a) of the Bankruptcy Code, an attorney retained under section 327(e) may, with the Court's approval, be employed on any reasonable terms and conditions, including on retainer or on an hourly basis. *See* 11 U.S.C. § 328(a).

9. Verrill Dana is a recognized expert in the field of business reorganizations under Chapter 11 of the Bankruptcy Code, as well as all areas of law that typically arise in the context

of a Chapter 11 case. The Trustee requires the services of Verrill Dana because of its familiarity with the Debtor, having represented the Debtor on a variety of matters over the past eight years, and in representing the Debtor in connection with the filing of the Chapter 11 case. Verrill Dana originally filed the chapter 11 petition on behalf of the Debtor, prepared the various court documents filed in the first days of the Case, began preparing the Debtor's schedules and statement of financial affairs and represented the Debtor in connection with the criminal investigation into the Derailment. The Trustee intends to use Verrill Dana as special counsel while he familiarizes himself with the Debtor, its estate, the criminal investigation into the Derailment, and the issues which have already arisen in this Case or are likely to arise as the Case progresses. These services are necessary to effectuate an efficient transition as the Trustee begins administering the Debtor's estate.

10. In accordance with Local Rule 2014-3, subject to this Court's approval, Verrill Dana will assist the Trustee in finalizing the Debtor's schedules and financial affairs, advise the Trustee with respect to the ongoing criminal investigation into the Derailment, identify primary areas of concerns early in the Case, and provide such other assistance as the Trustee believes is in the best interest of the estate.

11. As set out more fully in the Verified Statement of Attorney Filed By Verrill Dana LLP Pursuant to Fed. R. Bankr. P. 2014(a) and D. ME. LBR 2014-1(a) and 2014-2(b) (the "Verrill Dana Statement") filed contemporaneously herewith, Verrill Dana has represented the Debtor both pre-petition and post-petition on matters both related and unrelated to the Case. The Verrill Dana Statement discloses Verrill Dana's relationship with the Debtor and with creditors of the Debtor. The Trustee believes that Verrill Dana does not represent or hold any interest adverse to the Debtor or its estate with respect to the matters on which Verrill Dana is to be

employed.

12. To the best of the Trustee's knowledge, the partners and employees of Verrill Dana do not have any connection with or any interest adverse to the Trustee, the Debtor's creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the Office of the United States Trustee, except to the extent set forth herein or in the Verrill Dana Statement.

13. All of Verrill Dana's fees and expenses with respect to services rendered after the Petition Date will be paid subject to the applicable sections of the Bankruptcy Code, the Fed. R. Bankr. P. and this Court's Local Rules.

14. The Trustee understands that Verrill Dana intends to apply to the Court for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Case in accordance with the applicable provisions of the Bankruptcy Code, the Fed. R. Bankr. P., the Local Rules, the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330, and any applicable orders of the Court. The Trustee understands that Verrill Dana intends to seek court approval for compensation for services performed and expenses incurred between the Petition Date and the date of the Trustee's appointment—August 21, 2013.

15. In accordance with Local Rule 2014-3, the Trustee, subject to approval by this Court, proposes to pay Verrill Dana its customary hourly rates for representation of parties in reorganization cases in effect as set forth in the Verrill Dana Statement. These hourly rates are subject to change from time to time in accordance with Verrill Dana's established billing practices and procedures. The Trustee submits that such rates are reasonable and should be approved by the Court, subject to a determination of amounts to be paid to Verrill Dana upon

application for allowance of compensation. The Trustee, subject to Court approval, and if approved by the Court, also proposes to reimburse Verrill Dana for its actual and necessary expenses incurred in acting as special counsel to the Trustee. Verrill Dana professionals will maintain detailed records of time spent and any actual and necessary expenses incurred in connection with the rendering of their services by category and nature of the services rendered. Verrill Dana also reserves the right to seek fee enhancements or bonuses to the extent permitted under applicable law.

16. Verrill Dana's hourly rates are set at a level designed to fairly compensate it for the work of its attorneys and paralegals, and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned and may be adjusted by Verrill Dana from time to time. It is Verrill Dana's policy in all areas of practice to charge its clients for all other expenses incurred in connection with a client's case. The expenses charged to clients include, among other things, witness fees, travel expenses, filing and recording fees, postage, express mail and messenger charges, computerized legal research charges and other computer services. Verrill Dana will charge the Trustee for these expenses in a manner and at rates consistent with charges made generally to its other clients, consistent with its standard practices and consistent with applicable local and administrative rules. Verrill Dana believes that it is more equitable to charge these expenses to individual clients who incur them, rather than increasing the hourly rates and spreading the expenses among all clients.

17. A bankruptcy court has the discretion to grant a post facto application provided extraordinary circumstances justify the untimeliness of the application. *In re Jarvis*, 53 F.3d 416, 421 (1st Cir. 1985). Such factors include "whether the applicant was under time pressure to begin service without approval." *Jarvis*, 53 F.3d at 420-21 (*quoting In re F/S Airlease II, Inc.*,

844 F.2d 99, 105-06 (3d. Cir. 1988)). The size and complexity of this case have necessitated the immediate attention of the Trustee and his professionals to a vast number of time-sensitive procedural, legal and operational concerns.

18. As counsel for the Debtor prior to the Trustee's appointment, Verrill Dana was uniquely qualified to assist the Trustee in the task of rapidly familiarizing himself with a wide array of factual and legal issues that needed immediate attention. Given the nature of the services Verrill Dana is providing, and the relatively short delay in filing the Application, the Trustee does not believe that this application is untimely. However, out of an abundance of caution, the Trustee seeks approval of his retention of Verrill Dana retroactive to August 21 and the Trustee believes that, if it applies, Jarvis supports the relief requested. Any pre-retention fees and costs relating to the Case will be paid subject to the applicable sections of the Bankruptcy Code, the Fed. R. Bankr. P. and this Court's Local Rules.

19. Local Rule 2014-3 requires that a good faith estimate of a range of fees be set forth in retention applications, unless the range of fees is impossible to forecast. Based on the extent of the issues present in this Case, a fee range is impossible to forecast.

NOTICE

20. Notice of this Application was served on the following parties on the date and in the manner set forth in the certificate of service: (1) the United States Trustee; (2) the Debtor's counsel; (3) the non-insider holders of the twenty (20) largest unsecured claims against the Debtor or, if applicable, the lawyers representing such holders; (4) applicable federal and state taxing authorities; (5) the holders of secured claims against the Debtor, or if applicable, the lawyers representing such holders; and (6) others who have, as of the date of the Application, entered an appearance and requested service of papers in the Case.

CONCLUSION

21. The services of Verrill Dana will be useful to the Trustee in faithfully executing his duties under the Bankruptcy Code. Based upon Verrill Dana's extensive experience and expertise—both general and specific to the Debtor—Verrill Dana is both well-qualified and uniquely able to represent the Trustee as special counsel under the Bankruptcy Code in an efficient, cost-effective, and timely manner.

Dated: September 6, 2013

ROBERT J. KEACH
CHAPTER 11 TRUSTEE OF MAINE
MONTREAL & ATLANTIC RAILWAY, LTD

By his attorneys:

/s/ Michael A. Fagone
Michael A. Fagone, Esq.
D. Sam Anderson, Esq.
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

_____)	
In re)	Chapter 11
)	Case No. 11-13-10670
MONTREAL MAINE & ATLANTIC)	
RAILWAY, LTD.)	
)	
Debtor.)	
_____)	

**VERIFIED STATEMENT OF ATTORNEY FILED BY VERRILL DANA LLP
PURSUANT TO FED. R. BANKR. P. 2014(a) AND D. ME. LBR 2014-1(a) and 2014-2(b)**

1. Except as otherwise disclosed in paragraph 2 hereof, neither I nor any member of my firm hold or represent any interest adverse to the estate of Montreal, Maine & Atlantic Railway Ltd. (“**MMA**” or “**Debtor**”) or Robert J. Keach as Trustee (the “**Trustee**”).

2. My and my firm’s connections with the Trustee, Debtor, any creditors, or other parties-in-interest, their respective attorneys and accountants are as follows:

(a) Verrill Dana LLP (“**Verrill Dana**” or “**Counsel**”) has represented MMA on a variety of matters over the past eight years. As of the Petition Date, Verrill Dana was owed approximately \$7,274.39 on matters unrelated to financial distress or bankruptcy, which Verrill Dana has written off.

(b) In the 30 days prior to the Petition Date, Verrill Dana received retainer payments from MMA totaling \$225,000¹ for services related to MMA’s financial distress. As of the Petition Date, Verrill Dana billed and collected from the Retainer a total of \$70,415.24 for services rendered prior to the Petition Date. Verrill Dana

¹ The following payments were made: \$20,000 on July 18, 2013; \$25,000 on July 19, 2013; \$50,000 on July 29, 2013; \$25,000 on July 30, 2013; \$25,000 on July 31, 2013; \$55,000 on August 5, 2013 and \$25,000 on August 7, 2013.

currently holds \$154,615.00 as a retainer to secure payment for post-petition services (the “**Retainer**”) rendered to the Debtor.

(c) Introductory Statement. Verrill Dana has checked the names of all persons contained on the Matrix filed with the Court on August 7, 2013 as part of its ordinary conflicts clearing protocol. The Matrix contains the names of all creditors and parties in interest that have been identified by MMA. As additional creditors and parties in interest are identified, Verrill Dana will perform new conflicts screens, and will update this Verified Statement as appropriate. The responses given in this paragraph 2 are based on the foregoing procedure.

(d) Persons Who Are Creditors of or Have Other Relationships with the Debtor. The following is a list of persons who are either creditors of MMA or who have other relationships with MMA (*e.g.*, owe money to MMA) that are either current or former clients of Verrill Dana.

Name of Creditor	Amount of Claim	Relationship
AETNA	\$40,015.39	Former client
American Express	\$26,579.07	Former client
Maine Water	\$510.16	Current client
Baker, Newman, Noyes LLC	\$21,500.00	Former client
Bangor Hydro-Electric Co.	\$9,966.20	Current client
Bangor Savings Bank	\$3,000,000.00	Current client
Canadian Pacific Railway	\$60,925.70	Former client
Central Maine Power	\$391.46	Former client
Dead River Company	\$2,630.24	Former client
Enterprise Rent-a-Car	\$2,982.01	Former client
Fedex	\$209.13	Former client
JPMorgan Chase Bank	\$237.85	Current client
Maine Public Service Co.	\$377.09	Current client
Mayo Regional Hospital	\$92.00	Current client
Rail World, Inc.	\$785,958.88	Former client
Reliance Standard Life	\$8,110.42	Former client
SimplexGrinnell	\$303.80	Former client
Travelers Insurance Co.	N/A	Current client
Unifirst Corporation	\$1,796.24	Former client

UPS	\$897.00	Former client
Verizon Wireless	\$3,964.94	Current client
Verso Paper	\$6,487.09	Current client

Name of Vendor	Relationship
Clean Harbors	Former client
MMG Insurance	Current client
Travelers Insurance Co.	Current client
Travelers Insurance Co.	Current client
GAC Chemical	Current client
Great American Insurance Group	Former client
Great Northern Nekoosa	Former client
Verso	Current client

(d) Current Employees of MMA. The following is a list of *current* employees of MMA that are either current or former clients of Verrill Dana. For these purposes, the term “current employees” are those that were employed by the Company as of July 1, 2013.

NONE

(e) Former Employees of MMA. The following is a list of former employees of MMA and which are either current or former clients of Verrill Dana. As used above, the term “former employees” means employees who were not employees as of July 1, 2013, but who have an interest in MMA’s employee benefits or retirement plans or who were an employee of MMA at any time on or after July 1, 2006.

NONE

(f) Creditors of Montreal, Maine & Atlantic Canada (“MMAC”). The following is a list of creditors and vendors of Montreal, Maine & Atlantic Canada that are former or current clients of Verrill Dana.

Name of Creditor or Vendor	Amount of Claim	Relationship
Canadian Pacific Railway	\$550,890.83	Former client
Dell Canada	\$528.87	Former client
Praxair	\$424.33	Current client

(g) Creditors and Vendors of LMS Acquisition Corp. (“LMS”). The following is a list of creditors and vendors of LMS Acquisition Corp. that are former or current clients of Verrill Dana. The relationship between LMS and the Debtor is described below.

Name of Creditor or Vendor	Amount of Claim	Relationship
Adecco		Current client
Bangor Savings Bank	\$3,000,000.0	Current client
Bangor Water District	\$415.41	Former client
C.W. Hayden		Former client
Canadian Pacific Railway Co.		Former client
Central Maine Power	\$3,107.23	Former client
Dead River Convenience		Current client
Eaton Peabody		Former client
Fedex		Former client
Fraser Paper Inc.		Former client
GE Capital		Former client
Gerard Morin		Former client
Gerrity Industries	\$4,248.30	Former client
H.O. Bouchard Transport		Former client
Idearc Media Corp.		Current client
Maine Employers Mutual Ins.		Current client
Maine Public Service Co.		Current client
Mechanical Services, Inc.		Current client
Modern Pest Services		Current client
One Beacon Insurance		Former client
Overhead Door Co. of Bangor, Inc.		Former client
Peerless Insurance Company		Former client
Pitney Bowes Global Financial		Former client
Plexus Groupe Inc.		Current client
Sunbury Primary Care		Current client
Tim Richardson		Former client
Unifirst		Former client
United Way		Current client

Verizon Wireless		Current client
W.B. Mason Co., Inc.		Former client
Wells Fargo Financial Leasing		Current client
Yarmouth Lumber Inc.		Former client

(h) Miscellaneous Relationships.

(i) LMS Acquisition Corp. (“LMS”) is a subsidiary of Montreal, Maine & Atlantic Corporation. We understand that LMS may have guaranteed the debt owed by MMA to the Federal Rail Administration (“FRA”). Upon information and belief, the amount of the FRA debt is approximately \$30,000,000. LMS’ primary lender and secured creditor is Bangor Savings Bank. Bangor Savings Bank is a client of Verrill Dana.

(ii) Between 2002 and 2008, Verrill Dana represented James E. Howard in his capacity as Chapter 11 bankruptcy trustee in the cases of the Bangor & Aroostook Railroad Company and affiliated railroads. The Bangor & Aroostook debtors sold substantially all of their assets to Montreal, Maine & Atlantic Railway Ltd. and Montreal, Maine & Atlantic Canada Co. Mr. Howard, in his individual capacity, is a director of MMA.

(i) Other Disclosures.

(i) Verrill Dana represented the Debtor, and now represents the Trustee, in connection with an on-going criminal investigation conducted by Sûreté du Québec. One of the Debtor's insurance carriers has agreed with the Debtor and Verrill Dana to pay Verrill Dana's fees in connection with the criminal investigation. Verrill Dana agrees to seek payment first from the insurance carrier. In the event the insurance carrier fails for any reason to pay, Verrill Dana shall seek payment from the Estate.

(ii) The Debtor is covered under a policy of insurance for business interruption issued by Travelers Insurance Company. The Debtor and its subsidiary – – MMAC – – have made claims under that policy in connection with the July 6 accident. Travelers has resisted coverage. An attorney who became associated with Verrill Dana on August 1, 2013 represents Travelers Insurance in a relatively small insurance coverage issue. Accordingly, Verrill Dana has not represented the Debtor with respect to matters involving Travelers Insurance. The claims of the Debtor and MMAC against Travelers have been handled by Bernstein Shur and MMAC's counsel in Canada – – Gowlings.

(iii) The Trustee was a partner at Verrill Dana until 1993, and has been a client of the firm since that time, although he is not an active client presently. Roger Clement has been a client of Bernstein Shur, although he is not an active client presently. Verrill Dana and Bernstein Shur are involved in many common matters, generally representing parties with adverse interests. It is also likely that certain attorneys of each firm are clients or have been clients of the other firm.

3. Except as otherwise disclosed in this verified statement, I am, and each member of my firm is, a “disinterested person” as that term is defined in 11 U.S.C. § 101(14).

4. Verrill Dana represented the Debtor in this case prior to the appointment of the Trustee on August 21, 2013. During that period, Verrill Dana provided services and incurred expenses in the amount of approximately \$55,000 for which it intends to seek compensation from the estate.

5. The Trustee proposes to employ Verrill Dana and its attorneys at their normal hourly rates, upon approval of this Court.

6. The current hourly rates of attorneys that the Trustee expects to call upon in connection with this case are:

Attorneys:

Roger A. Clement, Jr., Esq.	\$330.00
Nathaniel R. Hull, Esq.	\$235.00

The hourly rates of other attorneys who may work on this matter
Currently range from \$145 to \$650.

Paraprofessionals:

Nicole Hoglund	\$135.00
Marilyn Henderson	\$85.00

The hourly rates of other paraprofessionals who may work on this matter currently range from \$90.00 to \$150.00. The hourly rates of all Verrill Dana attorneys and paraprofessionals are subject to change from time to time in accordance with Verrill Dana's established billing practices and procedures.

7. Verrill Dana's hourly rates are set at a level designed to fairly compensate it for the work of its attorneys and paralegals, and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned and may be adjusted by Verrill Dana from time to time. It is Verrill Dana's policy in all areas of practice to charge its clients for all other expenses incurred in connection with a client's case. The expenses charged to clients include, among other things, witness fees, travel expenses, filing and recording fees, postage, express mail and messenger charges, computerized legal research charges and other computer services. Verrill Dana will charge the Trustee for these expenses in a manner and at rates consistent with charges made generally to its other clients, consistent with its standard practices and consistent with applicable local and administrative rules. Verrill Dana

believes that it is more equitable to charge these expenses to individual clients who incur them, rather than increasing the hourly rates and spreading the expenses among all clients.

8. Verrill Dana does not believe that its representation of the Trustee in this case would be adversely affected by Verrill Dana's duties to any other current clients or former clients, including, without limitation, the clients listed herein.

8. I have not agreed to share with any person (except members of my firm) the compensation to be paid for the services rendered in this case.

9. I shall amend this statement immediately upon my learning that (a) any of the within representations are incorrect, or (b) there is any change of circumstances relating thereto.

10. I have reviewed the provisions of D. Me. LBR 2016-1.

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

Dated: September 4, 2013

/s/ Roger A. Clement, Jr.

Roger A. Clement, Jr., Esq.
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

In re:

MONTREAL MAINE & ATLANTIC
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670
Chapter 11

**ORDER GRANTING APPLICATION FOR ORDER, PURSUANT TO
SECTIONS 327 AND 328 OF THE BANKRUPTCY CODE,
AUTHORIZING THE EMPLOYMENT OF VERRILL DANA LLP AS
SPECIAL COUNSEL FOR THE TRUSTEE NUNC PRO TUNC TO AUGUST 21, 2013**

Upon consideration of Robert J. Keach's (the "Trustee") Application for Order, Pursuant to Sections 327 and 328 of the Bankruptcy Code, Authorizing the Employment of Verrill Dana LLP As Special Counsel for the Trustee (the "Application"), and upon consideration of the Verified Statement of Attorney Filed By Verrill Dana LLP Pursuant to Fed. R. Bankr. P. 2014(a) and D. ME. LBR 2014-1(a) and 2014-2(b) (the "Verrill Dana Statement") and it satisfactorily appearing that attorney Roger A. Clement, Jr., and the firm of Verrill Dana LLP ("Verrill Dana") do not represent or hold any interest adverse to the Debtor or the estate in the matters upon which Verrill Dana is to be engaged, and it satisfactorily appearing that the employment of Verrill Dana will be in the best interest of the Debtor's estate, it is hereby **ORDERED**, **ADJUDGED** and **DECREEED** as follows:

1. The Application is granted, nunc pro tunc to August 21, 2013.
2. The Trustee be and hereby is authorized to employ Verrill Dana attorneys in all matters which require the services of such counsel on the terms set forth in the Application.
3. Service of the Application, the Verrill Dana Statement and proposed order was

sufficient notice to parties under the circumstances of the Case.¹

4. The legal services rendered or to be rendered by Verrill Dana may include, without limitation, assisting the Trustee in finalizing the Debtor's schedules and financial affairs, advising the Trustee with respect to the ongoing criminal investigation into the Derailment,¹ and assisting the Trustee in identifying primary areas of concerns early in the Case.

5. Notwithstanding that Verrill Dana's retention is hereby approved pursuant to 11U.S.C. § 328, Verrill Dana shall apply to the Court for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Case in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules, the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330, and any applicable orders of the Court.

Dated:

The Honorable Louis H. Kornreich
U. S. Bankruptcy Judge for the District of Maine

¹ Capitalized terms not specifically defined herein shall have the meaning ascribed to such terms in the Application.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

In re:

MONTREAL MAINE & ATLANTIC
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670
Chapter 11

NOTICE OF HEARING

Robert J. Keach (the “Trustee”), the chapter 11 trustee in the above-captioned case, has filed an Application for Order, Pursuant to Sections 327 and 328 of the Bankruptcy Code, Authorizing the Employment of Verrill Dana LLP as Special Counsel for the Trustee (the “Application”). The Application seeks approval of Verrill Dana LLP’s employment on a *nunc pro tunc* basis and, therefore, in accordance with D. Me. LBR 9013-1(d)(1), a hearing on the Application has been set to take place at the Bankruptcy Court, 202 Harlow Street, Bangor, Maine, on **October 3, 2013 at 10:00 a.m.** (the “Hearing”). You are encouraged to attend the Hearing.

Your rights may be affected. You should read this notice carefully and discuss it with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

If you do not want the Court to approve the Application, or if you want the Court to consider your views on the Application, then **on or before September 26, 2013**, you or your attorney should file a written response with the Court explaining your position via the Court’s CM/ECF electronic filing system. If you are not able to access the CM/ECF electronic filing system, your response should be filed with the Court at:

United States Bankruptcy Court, District of Maine
Alec Leddy, Clerk
202 Harlow Street, 3rd Floor
Bangor, ME 04401

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the Application and may enter an order granting that relief.

Dated: September 6, 2013

ROBERT J. KEACH
CHAPTER 11 TRUSTEE OF MAINE
MONTREAL & ATLANTIC RAILWAY,
LTD

By his attorneys:

/s/ Michael A. Fagone
Michael A. Fagone, Esq.
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