

MEMORANDUM

TO: All Chapter 7 Trustees with Cases Pending in the Cleveland office of the United States Bankruptcy Court for the Northern District of Ohio

FROM: The Hon. Pat E. Morgenstern-Clarren, The Hon. Arthur I. Harris,  
and The Hon. Jessica E. Price Smith

CC: Office of the United States Trustee for the Northern District of Ohio

DATE: November 10, 2014

RE: Change in Procedure for Applications to Retain Counsel in Chapter 7 cases

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To help us better assess applications where the chapter 7 trustee proposes to retain counsel to recover money for the estate, we ask that each application contain this information:

1. The legal action that the trustee anticipates taking, linked to a specific asset;
2. The value of the asset that the trustee anticipates recovering, estimated if necessary;
3. The manner in which the trustee arrived at the valuation; and
4. An estimate of the amount of legal fees to be incurred in recovering the asset, including the hourly rate for each professional who will be working on the matter.

We assume that the chapter 7 trustees are already doing this analysis before filing applications, and so hope that this will not be an extra burden.

For example:

The trustee wants to retain himself as counsel to file a motion to recover a tax refund from the debtor. The application should: (1) identify the tax refund(s) by year and taxing authority; (2) state the amount of the refund and identify any exemption to which the debtor is entitled; and (3) state the anticipated legal fees to be incurred in recovering the asset.

or

The trustee wants to retain herself as counsel to file a motion to recover personal property or the value of the property. The application should: (1) identify the specific property including information relevant to its identification (i.e., vehicle make and model); (2) state the value of the property, the source of the valuation, and identify any exemption to which the debtor is entitled; and (3) state the anticipated legal fees to be incurred in recovering the property.

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This policy is in effect immediately. Pending applications should be supplemented if this information is not included. Please let any one of us know if you have questions about this. We appreciate your anticipated cooperation.