

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS



GUIDELINES FOR
COMPENSATION AND EXPENSE
REIMBURSEMENT OF PROFESSIONALS

EFFECTIVE FEBRUARY 1, 1994

Revised February 1999

TABLE OF CONTENTS

I.	NARRATIVE	1
A.	Employment and Prior Compensation	1
B.	Case Status	1
C.	Project Billing	2
D.	Billing Summary	2
E.	Paraprofessionals	2
F.	Preparation of Application	3
G.	Certification	3
II.	TIME RECORDS	3
A.	Time Records Required	3
B.	Increments	3
C.	Descriptions	4
D.	Grouping of Tasks	4
E.	Conferences	4
F.	Multiple Professionals	4
G.	Travel Time	4
H.	Administrative Tasks	5
III.	EXPENSES	5
A.	Firm Practice	5
B.	Actual Cost	5
C.	Documentation	5
D.	Office Overhead	5
E.	Word Processing	6
F.	Computerized Research	6
G.	Paraprofessional Services	6
H.	Professional Services	6
I.	Photocopies (Internal)	6
J.	Photocopies (Outside)	6
K.	Postage	7
L.	Overnight Delivery	7
M.	Messenger Service	7
N.	Facsimile Transmission	7
O.	Long Distance Telephone	7
P.	Parking	7
Q.	Air Transportation	8
R.	Hotels	8
S.	Meals (Travel)	8
T.	Meals (Working)	8
U.	Amenities	8
V.	Filing Fees	8
W.	Court Reporter Fees	9
X.	Witness Fees	9
Y.	Process Service	9
Z.	UCC Searches	9

NOTICE

The following are guidelines governing the most significant issues related to applications for compensation and expense reimbursement. The guidelines cover the narrative portion of an application, time records, and expenses. It applies to all professionals with the exception of chapter 7 and chapter 13 trustees, but is not intended to cover every situation. All professionals are required to exercise reasonable billing judgment, notwithstanding total hours spent.

I. NARRATIVE

A. Employment and Prior Compensation

The application should disclose the date of the order approving applicant's employment and contain a clear statement itemizing the date of each prior request for compensation, the amount requested, the amount approved, and the amount paid.

B. Case Status

With respect to interim requests, the application should briefly explain the history and the present posture of the case, including a description of the status of pending litigation and the amount of recovery sought for the estate.

In chapter 11 cases, the information furnished should describe the general operations of the debtor; whether the business of the debtor, if any, is being operated at a profit or loss; the debtor's cash flow; whether a plan has been filed, and if not, what the prospects are for reorganization and when it is anticipated that a plan will be filed and a hearing set on the disclosure statement.

In chapter 7 cases, the application should contain a report of the administration of the case including the disposition of property of the estate; what property remains to be disposed of; why the estate is not in a position to be closed; and whether it is feasible to pay an interim dividend to creditors.

In both chapter 7 and chapter 11 cases, the application should state the amount of money on hand in the estate and the estimated amount of other accrued expenses of administration. On applications for interim fees, the applicant should orally supplement the application at the hearing to inform the Court of any changes in the current financial status of the debtor's estate since the filing of the application. All retainers, previous draw downs, and fee applications and orders should be listed specifying the date of the event and the amounts involved and drawn down or allowed.

With respect to final requests, applications should meet the same criteria except where a chapter 7 trustee's final account is being heard at the same time, the financial information in the final account need not be repeated.

Fee applications submitted by special counsel seeking compensation from a fund generated directly by their efforts, auctioneers, real estate brokers, or appraisers do not have to comply with the above. For all other applications, when more than one application is noticed for the same hearing, they may, to the extent appropriate, incorporate by reference the narrative history furnished in a contemporaneous application.

C. Project Billing

This is required in all cases where the applicant's professional fee is expected to exceed \$10,000.00. The narrative should be categorized by subject matter, and separately discuss each professional project or task. All work for which compensation is requested should be in a category. Miscellaneous items may be included in a category such as "Case Administration." The professional may use reasonable discretion in defining projects for this purpose, provided that the application provides meaningful guidance to the Court as to the complexity and difficulty of the task, the professional's efficiency, and the results achieved. With respect to each project or task, the number of hours spent and the amount of compensation and expenses requested should be set forth at the conclusion of the discussion of that project or task. In larger cases with multiple professionals, efforts should be made by the professionals for standard categorization.

D. Billing Summary

Hours and total compensation requested in each application should be aggregated and itemized as to each professional and paraprofessional who provided compensable services. Dates of changes in rates should be itemized as well as reasons for said changes.

E. Paraprofessionals

Fees may be sought for paralegals, professional assistants and law clerks only if identified as such and if the application includes a resume or summary of the paraprofessional's qualifications.

F. Preparation of Application

Reasonable fees for preparation of a fee application and responding to objections thereto may be requested. The aggregate number of hours spent, the amount requested, and the percentage of the total request which the amount represents must be disclosed. If the actual time spent will be reflected and charged in a future fee application, this fact should be stated, but an estimate provided, nevertheless.

G. Certification

Each application for compensation and expense reimbursement must contain a certification by the professional designated by the applicant with the responsibility in the particular case for compliance with these guidelines (“Certifying Professional”) that 1) the Certifying Professional has read the application; 2) to the best of the Certifying Professional’s knowledge, information and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with these guidelines, except as specifically noted in the application; and 3) the compensation and expense reimbursement requested are billed at rates, in accordance with practices, no less favorable than those customarily employed by the applicant and generally accepted by the applicant’s clients.

II. TIME RECORDS

A. Time Records Required

All professionals, except auctioneers, real estate brokers, and appraisers must keep accurate contemporaneous time records.

B. Increments

Professionals are required to keep time records in minimum increments no greater than six minutes. Professionals who utilize a minimum billing increment greater than .1 hour are subject to a substantial reduction of their requests.

C. Descriptions

At a minimum, the time entries should identify the person performing the service, the date(s) performed, what was done, and the subject involved. Mere notations of telephone calls, conferences, research, drafting, etc., without identifying the matter involved, may result in disallowance of the time covered by the entries.

D. Grouping of Tasks

If a number of separate tasks are performed on a single day, the fee application should disclose the time spent for **each** such task, i.e., no “grouping” or “clumping.” Minor administrative matters may be lumped together where the aggregate time attributed thereto is relatively minor. A rule of reason applies as to how specific and detailed the breakdown needs to be. For grouped entries, the applicant must accept the Court inferences therefrom.

E. Conferences

Professionals should be prepared to explain time spent in conferences with other professionals or paraprofessionals in the same firm. Relevant explanation would include complexity of issues involved and the necessity of more individuals’ involvement. Failure to justify this time may result in disallowance of all, or a portion of, fees related to such conferences.

F. Multiple Professionals

Professionals should be prepared to explain the need for more than one professional or paraprofessional from the same firm at the same court hearing, deposition, or meeting. Failure to justify this time may result in compensation for only the person with the lowest billing rate.

G. Travel Time

Travel time is compensable at one-half rates, but work actually done during travel is fully compensable.

H. Administrative Tasks

Time spent in addressing, stamping and stuffing envelopes, filing, photocopying or “supervising” any of the foregoing is generally not compensable, whether performed by a professional, paraprofessional, or secretary.

III. EXPENSES

A. Firm Practice

The Court will consider the customary practice of the firm in charging or not charging non-bankruptcy/insolvency clients for particular expense items. Where any other clients, with the exception of pro-bono clients, are not billed for a particular expense, the estate should not be billed. Where expenses are billed to all other clients, reimbursement should be sought at the least expensive rate the firm or professional charges to any client for comparable services or expenses. It is recognized that there will be differences in billing practices among professionals.

B. Actual Cost

This is defined as the amount paid to a third party provider of goods or services without enhancement for handling or other administrative charge.

C. Documentation

This must be retained and made available upon request for all expenditures in excess of \$50.00. Where possible, receipts should be obtained for all expenditures.

D. Office Overhead

This is not reimbursable. Overhead includes: secretarial time, secretarial overtime (where clear necessity for same has not been shown), word processing time, charges for after-hour and weekend air conditioning and other utilities, and cost of meals or transportation provided to professionals and staff who work late or on weekends.

E. Word Processing

This is not reimbursable.

F. Computerized Research

This is reimbursable at actual cost. For large amounts billed to computerized research, significant explanatory detail should be furnished.

G. Paraprofessional Services

These services may be compensated as a paraprofessional under §330, but not charged or reimbursed as an expense.

H. Professional Services

A professional employed under §327 may not employ, and charge as an expense, another professional (e.g., special litigation counsel employing an expert witness) unless the employment of the second professional is approved by the Court prior to the rendering of service.

I. Photocopies (Internal)

Charges must be disclosed on an aggregate and per-page basis. If the per-page cost exceeds \$.20, the professional must demonstrate to the satisfaction of the Court, with data, that the per-page cost represents a good faith estimate of the actual cost of the copies, based upon the purchase or lease cost of the copy machine and supplies therefor, including the space occupied by the machine, but not including time spent in operating the machine.

J. Photocopies (Outside)

This item is reimbursable at actual cost.

K. Postage

This is reimbursable at actual cost.

L. Overnight Delivery

This is reimbursable at actual cost where it is shown to be necessary.

M. Messenger Service

This is reimbursable at actual cost where it is shown to be necessary. An in-house messenger service is reimbursable, but the estate cannot be charged more than the cost of comparable services available outside the firm.

N. Facsimile Transmission

The actual cost of telephone charges for outgoing transmissions is reimbursable. Transmissions received are reimbursable on a per-page basis. If the per-page cost exceeds \$.20, the professional must demonstrate, with data, to the satisfaction of the Court, that the per-page cost represents a good faith estimate of the actual cost of the copies, based upon the purchase or lease cost of the facsimile machine and supplies therefor, including the space occupied by the machine, but not including time spent in operating the machine.

O. Long Distance Telephone

This is reimbursable at actual cost.

P. Parking

This is reimbursable at actual cost.

Q. Air Transportation

Air travel is expected to be at regular coach fare for all flights.

R. Hotels

Due to wide variation in hotel costs in various cities, it is not possible to establish a single guideline for this type of expense. All persons will be required to exercise reasonable discretion and prudence in connection with hotel expenditures.

S. Meals (Travel)

Reimbursement may be sought for the reasonable cost of breakfast, lunch and dinner while traveling.

T. Meals (Working)

Working meals at restaurants or private clubs are not reimbursable. Reasonable reimbursement may be sought for working meals only where food is catered to the professional's office in the course of a meeting with clients, such as a Creditors' Committee, for the purpose of allowing the meeting to continue through a normal meal period.

U. Amenities

Charges for entertainment, alcoholic beverages, newspapers, dry cleaning, shoe shines, etc. are not reimbursable.

V. Filing Fees

These are reimbursable at actual cost.

W. Court Reporter Fees

These are reimbursable at actual cost.

X. Witness Fees

These are reimbursable at actual cost.

Y. Process Service

This is reimbursable at actual cost.

Z. UCC Searches

These are reimbursable at actual cost.