

TO: Chapter 13 attorneys in the Eastern District of Michigan

FROM: The chapter 13 trustees in Eastern Michigan

RE: Impact of the Bateson decision

DATE: August 19, 2016

Many of you may be aware of Judge Shefferly's recent opinion In re Bateson regarding disposition of funds on hand with trustees at the time of a post-confirmation dismissal. Several lawyers have raised questions as to how this opinion may impact their ability to collect attorney fees via the trustee.

The Chapter 13 Trustees in the Eastern District have conferred and offer the following statement to assist the Bar:

1. PRE-confirmation dismissals will continue to be processed as before the Bateson opinion was issued. This is, of course, subject to further guidance by our Judges.
2. POST-confirmation dismissals will now, due to Bateson, be treated as follows:
  - a. Funds on hand at the time of POST-confirmation dismissal will be returned to the debtor
  - b. However, as outlined in Bateson, funds may be re-directed to someone else but it requires a showing of "cause" as per Section 349(b)(3)
  - c. We will hold funds for 14 days from date of dismissal due to time periods for appeals or re-hearings
  - d. During that 14 day period, the Trustee will continue to hold funds to be re-directed IF a pleading is filed within that 14 day period requesting the Court to find such "cause".
3. We express no opinion as to what procedure counsel should use. Until the Court advises otherwise, we will place a hold on the requested funds should any pleading requesting that relief be filed. Counsel may consider filing such a request by motion, order, fee application, or whatever method counsel finds appropriate, subject of course, to Court review.

We hope this helps you in understanding and implementing Bateson in your practice. Please feel free to contact any of the Chapter 13 Trustees should you have questions.

**David Wm. Ruskin**

Chapter 13 Trustee - Detroit