

# OFFICE OF THE CHAPTER 13 STANDING TRUSTEE

*administering bankruptcy cases in the*  
EASTERN DISTRICT OF MICHIGAN - DETROIT

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DAVID Wm. RUSKIN, Trustee  
CHRISTOPHER P. REILLY, Attorney and Counselor  
MICHELLE M. STEPHENSON, Attorney and Counselor

DRANÉ BEAUNE, Director of Operations  
RICH COLLINS, Information Services Manager  
STACI MCWILLIAMS, Finance Manager

Date:

Non-bankruptcy atty

**Re: Debtor(s)**  
**Chapter 13 Case No.**

Dear \*\*\*\*\*:

The above-referenced individual has filed for Chapter 13 relief in the U.S. Bankruptcy Court for the Eastern District of Michigan, Southern Division-Detroit. David Wm. Ruskin is the duly appointed Trustee assigned to the debtor's bankruptcy estate.

Our office has been advised that you were retained by the debtor with respect to a non-bankruptcy legal matter. Please be aware that your client, as a debtor under Chapter 13, may be legally obligated to pay certain monies into the Chapter 13. The Trustee may assert an interest in any recovery arising from debtor's legal causes of action. Your right to be paid from any potential recovery could be affected by any interest the bankruptcy estate may hold.

**Therefore, it is recommended that you discuss this matter with your client and debtor's bankruptcy counsel as soon as possible because additional action may be necessary to protect your rights.**

Due to the above considerations, you and/or debtor's counsel may be required to take affirmative action including:

1. Filing an Application to obtain Bankruptcy Court approval for retention and compensation of your services;
2. Obtain Bankruptcy Court approval of your compensation for services rendered prior to payment of legal fees and costs; and
3. Filing a Motion with the Bankruptcy Court to approve any potential settlement with notice to all parties in interest.

When you file a Motion to Approve a Settlement, please include information as to why you believe the settlement is fair and equitable; a statement regarding the complexity, expense and expected duration of the litigation; and the likelihood of success.

There must be proper notice and approval of any other fees, costs, liens, etc., by the Bankruptcy Court pursuant to 11 U.S.C. 328, 11 U.S.C. 329 and F.R.Bankr.P. 2016. Any funds received in relation to any potential settlement may have to be remitted to the Chapter 13 Trustee

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unless the Bankruptcy Court orders otherwise. You may want to consider consulting with debtor's bankruptcy counsel for further clarification.

As a courtesy, enclosed is a *suggested* form application and order seeking authorization to employ your legal services and payment from the U.S. Bankruptcy Court.

Please take care to review these processes as the failure to comply may impair your client's right to recovery and the payment of your compensation. If you need any guidance or are unfamiliar with these processes, please contact your client's bankruptcy attorney.

Sincerely,

Staff Attorney

Enclosures

cc: Attorney

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION - DETROIT**

**IN RE:**

CHAPTER 13  
CASE NO.  
JUDGE

Debtor(s).

\_\_\_\_\_ /

**APPLICATION FOR ORDER AUTHORIZING DEBTOR'S CONTINUED  
EMPLOYMENT OF ATTORNEY FOR NON-BANKRUPTCY LEGAL MATTER  
AND PAYMENT OF LEGAL FEES AND COSTS**

TO: U.S. BANKRUPTCY JUDGE; U.S. TRUSTEE; CHAPTER 13 TRUSTEE; DEBTOR'S ATTORNEY; ALL CREDITORS; AND ANY OTHER INTERESTED PARTIES:

Debtor herein applies for an Order authorizing the continued employment of an attorney for legal services in connection with a non-bankruptcy legal matter and payment of associated legal services from any recovery prior to distribution through the Chapter 13 Plan. Debtor respectfully states:

1. Debtor(s) filed for Chapter 13 relief on \_\_\_\_\_.
  
2. The debtor(s) wish(es) to retain: \_\_\_\_\_  
in connection with a \_\_\_\_\_  
cause of action, Case No. \_\_\_\_\_ in the \_\_\_\_\_ Court against  
\_\_\_\_\_. The retainer agreement is  
attached as Exhibit B.
  
3. Please state a brief narrative of the cause of action and the relief requested:  
\_\_\_\_\_  
\_\_\_\_\_.
  
4. Other parties to the cause of action are:  

_____ Co-Plaintiff(s)	_____ Defendant(s)
_____ Counsel for Co-Plaintiff(s)	_____ Counsel for Defendant(s)

5. The current stage of the litigation is:

\_\_\_\_\_.

6. Compensation promised and agreed to: *(check all applicable boxes)*

- contingent fee basis at \_\_\_\_\_% of any recovery upon final judgment or settlement;
- reimbursement for actual disbursements and expenses incurred;
- flat rate of \$\_\_\_\_\_;
- hourly rate of \$\_\_\_\_\_ per hour, with an anticipated \_\_\_\_\_ hours of service, and not to exceed \$\_\_\_\_\_;
- other: *(explain in detail)*: \_\_\_\_\_.

7. Prior to entering into any settlement of the cause of action and prior to the payment of any legal fees, the debtor(s) shall file a motion to approve the settlement and compensation with notice.

8. A Verified Statement of Disinterestedness is attached as Exhibit C.

**WHEREFORE**, debtor(s) pray(s) this Honorable Court enter an order (in the form attached hereto as Exhibit "A") authorizing continued employment by debtor(s) of \_\_\_\_\_ for a non-bankruptcy legal matter, in accordance with the retainer agreement attached hereto as Exhibit B.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Debtor(s)

Dated: \_\_\_\_\_

\_\_\_\_\_  
Debtor's Litigation Attorney

Dated: \_\_\_\_\_

\_\_\_\_\_  
Debtor's«Debtors\_PC1» Bankruptcy Attorney

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION - DETROIT**

**IN RE:**

CHAPTER 13  
CASE NO.  
JUDGE

Debtor(s).

\_\_\_\_\_ /

**ORDER AUTHORIZING CONTINUED EMPLOYMENT OF  
ATTORNEY IN NON-BANKRUPTCY LEGAL MATTER**

This matter came before the Court for hearing on debtor(s) application for authorization to continue employment of an attorney in a non-bankruptcy legal matter (ECF # \_\_\_\_). Required parties were served with the application and with notice of the deadline for objections thereto. [strike one] No objection was timely filed, and a certification of no response has been filed (ECF #\_\_\_\_) or objections were timely filed and heard. The Court has reviewed the pertinent pleadings and is advised in the premises.

**IT IS HEREBY ORDERED** that the debtor is authorized to continue employment of \_\_\_\_\_ in connection with a non-bankruptcy legal matter;

**IT IS FURTHER ORDERED** that the debtor shall file a motion to approve the settlement of the non-bankruptcy legal matter and approval of compensation prior to any disbursement of the proceeds.

**IT IS FURTHER ORDERED** that the proceeds of the legal matter shall be held pending further Order of the Court.

Exhibit "A"

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION - DETROIT**

**IN RE:**

CHAPTER 13  
CASE NO.  
JUDGE

Debtor(s).

\_\_\_\_\_ /

**VERIFIED STATEMENT OF DISINTERESTEDNESS**

I, \_\_\_\_\_, declare:

1. I am a member of the law firm of \_\_\_\_\_

2. In compliance with 11 U.S.C. 327(a), neither the law firm nor I hold an interest or represent an interest adverse to this bankruptcy estate, and we are disinterested persons/entities, as defined in 11 U.S.C. 101(14).

3. In compliance with Bankruptcy Rule 2014(a), neither the law firm nor I have any connections with the debtor(s), creditors, or 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.

4. I acknowledge that payment of fees, costs or other compensation for services rendered in the legal matter for which retention is sought is subject to prior approval of the Bankruptcy Court, and that all remaining proceeds after payment of Bankruptcy Court approved fees and expenses shall be remitted to the Chapter 13 Trustee unless the Bankruptcy Court orders otherwise.

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

\_\_\_\_\_

Dated:

By: \_\_\_\_\_