Dated: October 23, 2015
The following is SO ORDERED:

David S. Kennedy
UNITED STATES CHIEF BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

In re	**Case No. 12-26347**
E/Doc Systems, Inc.,	**Chapter 11**
Debtor.	
Tax ID/EIN: 62-1095865	

MEMORANDUM AND ORDER RE "MOTION FOR ALLOWANCE OF CHAPTER 11 ADMINISTRATIVE EXPENSE PRIORITY FOR FEES AND EXPENSES FOR COUNSEL" COMBINED WITH RELATED ORDERS AND NOTICE OF THE ENTRY THEREOF

INTRODUCTION

This core proceeding arises out of a "Motion for Allowance of Chapter 11 Administrative Expense Priority for Fees and Expenses for Counsel" filed by Henry C. Shelton, III, Esquire, on behalf of himself and his Law Firm, Adams and Reese, LLP, (hereinafter "Mr. Shelton"), former attorney of record for the above-named Chapter 11 debtor, E/Doc Systems, Inc. (hereinafter

"E/Doc"), under 11 U.S.C. §§ 503(b), 330, and 507. Although E/Doc did not file a written objection or response thereto, Mr. Thomas P. Pease (hereinafter "Mr. Pease"), president of E/Doc, provided oral testimony at the hearing in opposition to the motion on behalf of E/Doc.

The ultimate question for judicial determination here is whether the fees and expenses sought by Mr. Shelton for professional services rendered throughout the course of his representation of E/Doc are reasonable and necessary, and thus allowable as a 11 U.S.C. § 503(b) administrative expense, under the particular facts and circumstances of this specific case.

This is a core proceeding under 28 U.S.C. § 157 (b)(2)(A). The court has the statutory and constitutional authority to hear and determine this matter subject to the statutory appellate provisions of 28 U.S.C. § 158. The following shall constitute this court's findings of fact and conclusions of law in accordance with Rule 7052 of the Federal Rules of Bankruptcy Procedure.

BACKGROUND FACTS AND PROCEDURAL HISTORY

The relevant background facts and procedural history may be briefly summarized as follows. Russell W. Savory, Esquire (hereinafter "Mr. Savory"), former—and initial—attorney of record for the E/Doc, filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on behalf of E/Doc on June 17, 2012. After providing several months of representation, Mr. Savory subsequently filed a "Motion to Withdraw" as counsel for E/Doc on June 20, 2013, [Dkt. # 114]; and the withdrawal motion, after notice and a hearing, was granted by an order filed on July 10, 2013. [Dkt. # 118]. Mr. Pease stated, in open court at the trial on the merits of this proceeding, that Mr. Savory terminated his representation of the E/Doc because Mr. Savory believed that he could no longer complete the case for the compensation agreed upon prior to the

commencement of the case.[1] [Trial record at 11:34 a.m.]. No opposition existed to Mr. Savory's motion to withdraw.

On October 1, 2013, Mr. Shelton filed "Debtor's Application for an Order of Employment of Counsel" seeking to employ himself and his Law Firm, Adams and Reese, LLP, as the replacement counsel of record for E/Doc. [Dkt. #134]. An order granting Mr. Shelton's application for employment was entered on October 9, 2013. [Dkt. # 135]. Mr. Shelton was, thereafter, the attorney of record for E/Doc until the instant fee dispute arose. In the meantime, on August 27, 2014, an order granting 11 U.S.C. § 331 interim compensation for attorney's fees was entered, whereby Mr. Shelton was awarded $17,132 in interim fees and $32.28 for reimbursement of expenses for professional services performed up until that point in the case.[2] [Dkt. # 175]. Mr. Shelton continued as attorney of record through confirmation of E/Doc's Chapter 11 reorganization plan, which was confirmed on January 12, 2015. [Dkt. # 187].

Shortly after plan confirmation, Mr. Shelton filed a "Motion to Withdraw as Debtor's Counsel" on March 16, 2015. [Dkt. # 191]. In the motion, Mr. Shelton stated that the "Debtor has failed to pay Counsel any of the fees or reimburse Counsel for any of the expenses authorized by the Interim Order" and that the "Debtor has further refused to authorize Counsel to file a Final Fee Petition pursuant to 11 U.S.C. § 330."[3] [Dkt. #191]. Mr. Pease, in his official capacity as president of E/Doc, filed a letter in response to Mr. Shelton's "Motion to Withdraw

[1] It is noted that the agreed upon compensation for Mr. Savory for completion of the case administration was $20,000, according to Mr. Pease's testimony. Therefore, it follows, Mr. Savory withdrew from the case because he did not believe that the case could be successfully completed for under $20,000.

[2] It is noted that no objection to Mr. Shelton's §331 interim fee application was ever filed by E/Doc, the United States Trustee, or a creditor of E-Doc.

[3] According to Mr. Shelton's testimony, United States Trustee Guidelines require client approval before a fee application may be filed with the court for approval.

as Debtor's Counsel," objecting to the amount of the fees sought by Mr. Shelton.[4] [Dkt. # 194]. After a hearing and testimony provided by several parties in interest in open court, Mr. Shelton was permitted to withdraw as counsel by an order uploaded on April 17, 2015. [Dkt. # 198].

Mr. Shelton subsequently filed the instant "Motion for Allowance of Chapter 11 Administrative Expense Priority for Fees and Expenses for Counsel" seeking "an order allowing counsel's fees and expenses as an administrative expense and directing the payment thereof." [Dkt. # 212]. In addition to the requested § 331 interim fees previously awarded counsel[5], Mr. Shelton also seeks an additional fee of $25,470 in attorney's fees and $60.76 in reimbursement of expenses advanced to E/Doc.[6] The court held a hearing on this matter on September 29, 2015, whereby both Mr. Pease and Mr. Shelton testified, but continued the hearing to October 13, 2015, in order to provide the parties sufficient time to further discuss potential settlement negotiations. On October 13, 2015, the parties, at an informal status conference, informed the court of their inability to reach an agreement and requested that the court issue a ruling on the matter.

It is noted that the United States Trustee did not file any written objections or response to Mr. Shelton's request for attorney's fees, and in fact, stated in open court, that the United States Trustee did not have any objection to the amount of the fees sought by Mr. Shelton. [Trial record at 11:30 a.m.]. Additionally, Mr. Shelton included two affidavits in support of his position for the reasonableness of the attorney's fees requested by two highly respected and skilled local

[4] Though Mr. Pease filed a written letter in response to Mr. Shelton's motion to withdraw as counsel, the letter did not serve as an objection to Mr. Shelton's withdrawal of representation, but rather, substantively, as an objection to the amount of fees requested. Furthermore, since Mr. Pease is not an attorney licensed by the State of Tennessee, his letter was not deemed a formal written objection.

[5] *See discussion supra*.

[6] With the § 331 interim fee and § 330 final fee applications combined, Mr. Shelton seeks a total of $42,695.14 in compensation for professional services rendered. [Dkt. # 212].

Memphis bankruptcy practitioners—E. Franklin Childress, Jr., Esquire, and Michael P. Coury, Esquire. No opposing affidavits were filed. The court took the matter under submission.

DISCUSSION

It is noted that a proof of claim that has been filed with the bankruptcy court constitutes prima facie evidence of the validity of the claim. 11 U.S.C. § 502(a); FED. R. BANKR. P. 3001 (f) ("A proof of claim executed and filed in accordance with these rules shall constitute prima facie evidence of the validity and amount of the claim."). In other words, as long as no party in interest objects to the proof of claim filed by a creditor, the claim will be deemed valid and allowable for the amount provided in the claim.[7] Section 503(b)(2) also provides that the court shall, after notice and a hearing, allow "compensation and reimbursement awarded under section 330(a) of the title" as an administrative expense. *See* 11 U.S.C. § 503(b)(2). However, "a request for administrative expenses, unlike a proof of claim, is not 'deemed allowed' in the absence of an objection and does not constitute prima facie evidence of the validity and amount of the request." *In re Silvus*, 329 B.R. 193, 205 (Bankr. E. D. Va. 2005) (other citations omitted).

An entity seeking administrative status, thus, does not enjoy this presumption of validity and carries the burden of ultimately proving the amount and validity of the particular claim. "With respect to requests for attorney's fees, the applicant has the burden of establishing the reasonableness of the request." *In re Morgan*, 48 B.R. 148, 149 (Bankr. D. Md. 1985) (other citations omitted). As such, since Mr. Shelton is seeking status as an administrative claimant with regard to his attorney's fees and sought for reimbursement of expenses, the burden of proving the validity and amount, and therefore the reasonableness, of the compensation and

[7] "A properly filed proof of claim is prima facie evidence of the validity and amount of a claim. The party objecting to the claim has the burden of going forward and of introducing evidence sufficient to rebut the presumption of validity." Collier on Bankruptcy § 3001.09[2].

expenses requested lies with Mr. Shelton as the moving party.[8] The court, then, must determine whether the compensation sought by Mr. Shelton constitutes a "reasonable" fee for services performed under the particular facts and circumstances of this specific case.

In determining whether the compensation sought by an attorney is fair and reasonable, the Sixth Circuit has adopted the "lodestar" method of calculation. *In re Boddy*, 950 F. 2d 334, 337 (6th Cir. 1991). The first step of the lodestar method requires the court to "first [determine] the 'lodestar' amount, which is calculated by 'multiplying the attorney's reasonable hourly rate by the number of hours reasonably expended.'" *Id*. at 337 (other citations omitted). "The bankruptcy court may also exercise its discretion to consider other factors such as the novelty and difficulty of the issues, the special skills of counsel, the results obtained, and whether the fee awarded is commensurate with fees for similar professional services in non-bankruptcy cases in the local area." *Id.* at 338 (citing *Harman v. Levin*, 772 F.2d 1150, 1152 n.1 (4th Cir. 2985)). Because "reasonableness" is largely fact driven and is determined on a case-by-case basis considering a totality of the particular facts and circumstances, this court will look to a comprehensive list of factors recently enumerated by the Sixth Circuit Bankruptcy Appellate Panel to gauge the appropriateness of the attorney's fees in question here. Although the factors in *In re Scarlet Hotels, LLC*, were considered in awarding fees to an oversecured creditor under 11 U.S.C. § 506(b), this court believes they are equally applicable and relevant to the attorney's fees sought in this particular case, as well.

The Sixth Circuit Bankruptcy Appellate Panel has provided the following factors in order to determine the reasonableness of attorney's fees:

1. The nature, extent, length and value of the services rendered;
2. The bankruptcy and non-bankruptcy experience, reputation, and ability of the attorneys;

[8] This is true even though there is no *written* objection of record disputing the amount of attorney's fees requested.

3. Awards in similar cases;
4. The novelty and difficulty (or lack thereof) of the questions presented;
5. The skill requisite to perform the legal services properly;
6. The customary fee;
7. The professional time actually spent;
8. The amount involved in potential risk;
9. The results of the cases;
10. Specialty in which the attorneys may be practicing;
11. Fees sought to be applied;
12. Distinction between partner and associates time;
13. Costs of comparable services;
14. Use (or lack thereof) of paralegals; and
15. Duplication of efforts.

In re Scarlet Hotels, LLC, 392 B.R. 698, 703 (6th Cir. BAP 2008) (citing *In re Beyer*, 169 B.R. 652, 655 (Bankr. W.D. Tenn. 1994)). The court will discuss the factors relevant to the case at hand to evaluate the sought for fees here.[9]

Considering first the nature, extent, length and value of the services rendered, the court notes the length of time that Mr. Shelton was employed as the attorney of record for E/Doc. Mr. Shelton was employed as counsel on October 9, 2013, and undoubtedly, performed valuable legal services on the case prior to that date. Mr. Shelton continued to represent E/Doc through the confirmation of the chapter 11 plan of reorganization on January 12, 2015. Chapter 11 cases often involve several competing and countervailing interests that require extensive negotiation

[9] It is noted that several factors to determine the reasonableness of attorney's fees also have been codified at 11 U.S.C. § 330 (a)(3). These factors include:

1. The time spent on such services;
2. The rates charged for such services;
3. Whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
4. Whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
5. With respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
6. Whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

Id. The court feels that, in considering the factors provided in *In re Scarlet Hotels, LLC*, the factors codified in § 330 will also be taken into consideration, since many of the factors seem duplicative.

and time on the part of the attorneys involved, with the end goal being a successful confirmation of a reorganization plan and concomitant discharge for the debtor. Providing E/Doc with 15 months of legal services and achieving a confirmable plan causes the court to believe that Mr. Shelton's services were valuable and beneficial to the bankruptcy estate and that this first factor weighs in favor of Mr. Shelton and the reasonableness of the attorney's fees requested.

The second factor also weighs heavily in favor of the reasonableness of Mr. Shelton's attorney's fee. Mr. Shelton, as he stated in open court at the trial on the merits on September 29, 2015, has been practicing law for over 40 years as of October 15, 2015. [Trial record at 11:26 a.m.]. Mr. Shelton is well known in the Memphis legal community and his Law Firm, Adams and Reese, LLP, is regionally and nationally recognized and highly regarded. His experience, reputation, and skills as a bankruptcy attorney also are affirmed in two affidavits filed in support of Mr. Shelton and his requested attorney's fees.[10] As noted, Mr. Shelton, as a long time successful legal practitioner and a highly experienced bankruptcy attorney with over 40 years of experience from a well-known, highly respected firm in Memphis, will, undoubtedly, be entitled to charge a fee accordingly.

Although each chapter 11 case brings its own set of uncertainties and challenges, not all cases are extremely complicated, novel, and present never before seen issues of first impression. Here, considering the fourth factor, the court does not believe that this particular chapter 11 case was unduly complicated or extremely difficult. While the court is sensitive to the fact that the many competing and countervailing interests present in a chapter 11 case often take out of court time to negotiate and discuss, this particular case, seemingly, did not present many unusual or

[10] Both E. Franklin Childress, Esquire, and Michael P. Coury, Esquire, as officers of the court, filed affidavits in support of Mr. Shelton's motion for compensation.

out of the ordinary difficulties. In fact, only one adversary proceeding was filed in the case, and it was settled between the parties within a 7 months' time.[11] No other major contested hearings were required, and the case, with Mr. Shelton's expertise, seemingly, went smoothly until the most recent fee dispute arose. As such, this factor would seem weigh against the awarding of a large fee.

The fifth factor looks to the skill requisite to perform the legal services properly. While a less experienced attorney might possibly be able to accomplish the same end result as a seasoned veteran of the legal system, the time in which the attorney is able to achieve that result may vary due to ones' familiarity with the particular area of the law, knowledge of local practitioners and rules, and various other components. Here, another attorney who charged a lesser hourly rate might have, indeed, been successful in achieving confirmation of the plan, but he or she may have spent several more hours in the process, thereby making the end result and final fee roughly comparable. Mr. Shelton's skill as a bankruptcy attorney and experience in the field, while perhaps not absolutely necessary to the successful completion of the case, may very well have been a factor in the speed in which the case was confirmed after Mr. Shelton became the attorney of record. The court cannot speculate as to the time it would have taken a less experienced attorney to complete the case. As such, this factor weighs in favor of the reasonableness of Mr. Shelton's sought for fee.

The court will next consider the sixth factor regarding whether this particular fee is customary. In the "Engagement of Adams and Reese LLP (the "Firm") to provide legal services to E/Doc Systems, Inc. ("Client" or "you")" (hereinafter "the engagement letter"), filed as attached Exhibit A to the final fee application, information was provided that "billing rates for

[11] It is noted that 7 months is a short amount of time considering the fact that this particular case was filed well over 3 years ago.

attorneys currently range from $170.00 per hour for new associates to $570.00 per hour for our most senior partners." [Dkt. # 212, Ex. A]. Mr. Shelton then testified that his billing rate, at the time of the subject engagement letter, was $440 per hour. However, the engagement letter further provided that "hourly rates are adjusted annually at the end of the calendar year, and you have agreed that our hourly rate may reflect such annual adjustment." *Id.* The "Statement for Services" attached as an exhibit to the interim fee application, nonetheless, showed that Mr. Shelton actually only billed E/Doc $400 per hour worked—seemingly a discounted rate from that which was quoted in the engagement letter. [Dkt. # 165, Ex. B]. Though Mr. Shelton's fee increased in 2014 to $480 per hour and again in 2015 to $510 per hour, Mr. Shelton only billed 8.9 hours at the $510 per hour rate, thereby making the bulk of the final fee application subject to the $480 per hour billing rate.[12] Because Mr. Shelton, as previously discussed, is a highly experienced and skilled bankruptcy attorney and included information regarding the annual adjustments of billing rates in the engagement letter, E/Doc was on notice of the potential, and very likely, change in billing rates throughout the course of representation. The increase in the hourly fee seems reasonable here.[13]

The seventh factor concerns the amount of time the professional actually spent on the case. The interim fee application showed a total of 38.7 hours spent on the case by Mr. Shelton, and the final fee application showed an additional time of 45.9 hours. Thus, Mr. Shelton spent a total of 74.6 billable hours to achieve confirmation of a plan for E/Doc. Though 74.6 hours seems like an extensive amount of time, considering the 31 proof of claims that were filed and

[12] Specifically, 37 of the 45.9 hours included in the final fee application were billed at the $480 per hour rate.

[13] Furthermore, Mr. Shelton's fee remained within the $170 to $570 range of attorney's fees initially quoted to E-Doc in the engagement letter.

the need to negotiate with various creditors to achieve enough votes to secure a confirmable plan, this amount of time does not seem unreasonable to spend on a chapter 11 case over the course of 15 months. Moreover, Mr. Pease, in his oral testimony at trial, indicated that he had previously asked Mr. Savory to renegotiate some terms of the plan whereby Mr. Pease would no longer be personally liable for some of the obligations of E/Doc. [Trial record at 11:34 a.m.]. Mr. Savory, in response, decided to withdraw from representation because he did not believe he would be able to achieve his client's goals under the amount of compensation previously agreed to.[14] Because a renegotiation of some terms of the plan may have been required, 74.6 total hours does not seem unreasonable.[15]

However, it is noted that, included in the *Statement of Services* attached to the final fee application, Mr. Shelton billed a total of 4 hours for the tasks of preparing a motion for withdrawal as E/Doc's attorney of record, the court appearance for the hearing on the motion to withdraw, and the drafting and revising of the order granting his motion to withdraw. [Dkt. # 213, Ex. C]. Also itemized on the final fee application are Carol Hall's (hereinafter "Ms. Hall") billing for a total of 0.6 hours for the tasks of drafting the order granting the motion to withdraw and finalizing that order to file with the court. *Id.* Although it is not specifically stated, the court assumes that these tasks were billed at the 2015 rate of $510 per hour and $210 per hour for Mr. Shelton and Ms. Hall, respectively, since they were performed in April of 2015. This court believes that the hours billed for drafting, finalizing, and arguing the motion to withdraw and subsequent order granting the same should be discounted from Mr. Shelton's final fee application, as those particular tasks were not done in "service of the estate administrator." *See*

[14] *See discussion supra*.

[15] In fact, Mr. Shelton described his involvement in the reorganization plan of E/Doc as "completely [renegotiating] from the ground up." [Trial record at 11:26 a.m.].

Baker Botts L.L.P., v. ASARCO, LLC, 135 S.Ct. 2158, 2165, 192 L.Ed. 2d 208 (2015); s*ee also In re Powell*, 314 B.R. 567, 572 (Bankr. N.D. Tex. 2004). Furthermore, 11 U.S.C. § 330(a)(1) provides that a court may only award compensation for "actual, necessary services rendered." *See* 11 U.S.C. § 330(a)(1)(A). It follows, then, that the services provided must have been necessary to the administration of the case or beneficial to the bankruptcy estate. While this court does not dispute that Mr. Shelton is entitled to fees for his professional services and that attorneys often must act in accordance with their own and their firm's interests,[16] this court does not believe that Mr. Shelton is entitled to a fee for withdrawing from this case. Arguably, his withdrawal was, in fact, the opposite of beneficial to the estate in that it left E/Doc without an attorney. Thus, the court will discount from the final fee application a total of $2,040 for Mr. Shelton's work on the motion for withdrawal and subsequent order, as well as $126 for Ms. Hall's work on the same.

The ninth and tenth factors, though technically discussed previously, will be briefly considered together. As mentioned earlier, the ultimate goal of a chapter 11 reorganization case is to achieve a confirmable plan and concomitant discharge on behalf of the debtor. Here, Mr. Shelton succeeded in obtaining an order of confirmation for E/Doc's plan of reorganization on January 12, 2015. [Dkt. # 187]. This plan confirmation is, indeed, a result that E/Doc was undoubtedly hoping to achieve. Additionally, Mr. Shelton, as an experienced bankruptcy practitioner, is seasoned in the nuanced field of bankruptcy law. Though no special certification is required to practice bankruptcy law, Mr. Shelton's experience in the field certainly qualifies him as highly competent to practice in this area. As such, the results obtained and Mr. Shelton's

[16] Mr. Pease, in fact, stated in open court that he knew that Mr. Shelton was entitled to some amount of compensation for his efforts as attorney of record for E/Doc.

familiarity and experience in the bankruptcy arena lend themselves to support the notion that the fee requested here is a reasonable fee under a totality of the particular facts and circumstances.

The thirteenth factor involving the costs of comparable services also weighs in favor of a finding that the attorney's fees requested by Mr. Shelton are reasonable due to the supporting affidavits submitted by E. Franklin Childress, Jr., Esquire, and Michael P. Coury, Esquire. Like Mr. Shelton, Mr. Childress and Mr. Coury, as noted earlier, are highly experienced bankruptcy attorneys and are very well known and highly regarded in Memphis (and in other venues, as well). As such, the declarations provided under penalty of perjury by these two skilled bankruptcy attorneys weighs heavily in favor of the reasonableness of Mr. Shelton's requested fees. Bankruptcy attorneys are entitled to receive compensation comparable to the amount received by non-bankruptcy attorneys.[17] Furthermore, the amount ultimately billed ($510 per hour) was well within the range of billing rates for firm's attorneys in the engagement letter.[18] It is also noted and emphasized that the United States Trustee for Region 8, nor any other creditor in the case, did not object to Mr. Shelton's requested fees.

The final factor that the court considers applicable here concerns the use of paralegals. In both the interim and final fee applications submitted to the court for review and approval, several hours were logged and itemized by Mr. Shelton's legal assistant Ms. Hall. Ms. Hall billed a total of 8.4 hours as described on the interim fee application and 15.8 total hours on the final fee application. Ms. Hall's hourly rate, similar to Mr. Shelton's, was set forth in the engagement letter, as it provided that her then current billing rate was $190 per hour. From the time the

[17] See discussion of *In re Boddy, supra*. See also Collier on Bankruptcy § 330.03 [3] ("attorneys engaged in bankruptcy cases should receive compensation in parity with that received by attorneys performing services in comparable situations.").

[18] *See discussion supra*.

engagement letter was agreed upon (September 2013) until the final fee application was filed, Ms. Hall's hourly rate only increased to $210 per hour (and only 1.1 hours was billed at that rate). Therefore, as the hourly rate set forth in the engagement letter remained largely unchanged throughout the course of the 15-month representation of E/Doc, this factor favors the reasonableness of the fees charged by paralegals, as well as the final fee application sought by Mr. Shelton and his Law Firm. The court will not address the third, eighth, eleventh, twelfth, and fifteenth factors, as they do not seem immediately pertinent to the question at hand.

Finally, and perhaps most notably, the court, as noted above, would point out that neither the United States Trustee nor any creditor or other party in interest, after notice and opportunity for a hearing, has filed or voiced any objections to the fees sought by Mr. Shelton and his Law Firm. The United States Trustee, often referred to as the court's statutory "watchdog" in bankruptcy cases and proceedings, has the authority and standing to "appear and be heard on any issue in any case or proceeding," and thus, would be permitted to object to requested attorney's fees. *See* 11 U.S.C. § 307. Here, however, the United States Trustee did not file a written objection to either the interim or the final fee applications. In fact, Carrie Ann Rohrscheib, Trial Attorney for the Office of the United States Trustee for Region 8 (hereinafter "Ms. Rohrscheib"), stated in open court on the day of the trial that the United States Trustee did not object to the fee application or the amount sought filed by Mr. Shelton in this particular case.

CONCLUSION

Based on all the foregoing and considering a totality of the particular facts and circumstances and applicable law, this court finds that $2,166 shall be discounted from Mr. Shelton's final fee application, leaving a combined fee total of $40,529.14 allowed as an administrative expense under 11 U.S.C. § 503(b). The court finds that, in accordance with the

"lodestar method" of calculation used in the Sixth Circuit, the aforementioned fees and reimbursement of expenses are fair and reasonable and constitute a fair assessment of the reasonable number of hours worked multiplied by a reasonably hourly rate. While this court is sensitive of the hardship that this fee may impose on E/Doc, nonetheless, the court must afford Mr. Shelton and his Law Firm the compensation and reimbursement of expenses that it believes are owed. With exception of the fees discounted as noted above, Mr. Shelton has carried the required burden of proof in support of the fee request and reimbursement of expenses.

The Bankruptcy Court Clerk is directed to promptly cause a copy of this Memorandum, Order, and Notice to be sent to the following:

Henry C. Shelton, III, Esquire
Adams and Reese
6075 Poplar Avenue, Suite 700
Memphis, TN 38119

Carrie Ann Rohrscheib, Trial Attorney
United States Trustee for Region 8
200 Jefferson Ave., #400
Memphis, TN 38103

Eugene G. Douglass, Esquire
2820 Summer Oaks Drive
Bartlett, TN 3814

Mr. Thomas P. Pease
President, E/Doc Systems, Inc.
7891 Stage Hills Blvd.
Suite 108
Memphis, TN 38133