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14 **UNITED STATES BANKRUPTCY COURT**
15 **DISTRICT OF NEVADA**

16 In re:)
17) Case No. BK-S-22-10540-ABL
18 **STONERIDGE PARKWAY, LLC**) Chapter 11
19)
20)
21 Debtor.)
22)
23) Hearing Date: March 23, 2022
24) Hearing Time: 1:30 P.M.
25)
26)
27)
28)

29 **OBJECTION AND RESERVATION OF RIGHTS OF THE U.S. TRUSTEE TO THE**
30 **APPLICATION FOR THE ENTRY OF AN ORDER UNDER 11 U.S.C. §§ 327(a), 328,**
31 **329 AND 331 AND FED. R. BANKR. P. 2014 AND 2016 AUTHORIZING THE**
32 **EMPLOYMENT AND RETENTION OF SCHWARTZ LAW, PLLC AS ATTORNEYS**
33 **FOR THE DEBTOR-IN-POSSESSION**

34 To the Honorable AUGUST B. LANDIS, United States Bankruptcy Judge:

35 Tracy Hope Davis, the United States Trustee for Region 17 (“U.S. Trustee”), by and
36 through her undersigned counsel, hereby files her objection and reservation of rights (the
37 “Objection”) to the *Application for the Entry of an Order Under 11 U.S.C. §§ 327(a), 328, 329*
38 *and 331 and Fed. R. Bankr. P. 2014 and 2016 Authorizing the Employment and Retention of*
39 *Schwartz Law, PLLC as Attorneys for the Debtor-In-Possession* [ECF No. 8] (the “SL

1 Application”) filed by the debtor Stoneridge Parkway, LLC (the “Debtor”) to employ Schwartz
2 Law, PLLC (“SL”) as counsel.¹

3 **INTRODUCTION**

4 The U.S. Trustee objects to the Application to employ SL as local bankruptcy counsel for
5 the Debtor and requests that the Court deny the SL Application. The Debtor has not established
6 the disinterestedness of SL or adequately addressed the imputed disqualification of SL. The Debtor
7 has not met its burden of showing that the Section 328 terms sought in the SL Application are
8 appropriate and in the best interests of the estates based on the specific facts of these cases.
9 Additionally, the proposed engagement agreement contains prohibited terms concerning the award
10 of attorney’s fees. Accordingly, the SL Application should be denied.

11 Consistent with her independent duties, the U.S. Trustee reserves all her rights with respect
12 to this matter, including, but not limited to her right to take any appropriate action under the
13 Bankruptcy Code, the FRBP, and the local rules of the U.S. Bankruptcy Court.

14 The Objection is supported by the following memorandum of points and authorities and
15 any argument the Court may permit on the Objection.

16 **MEMORANDUM OF POINTS AND AUTHORITIES**

17 **BACKGROUND FACTS**

18 1. On February 16, 2022, the Debtor filed a voluntary petition for relief under Chapter
19 11 of the U.S. Bankruptcy Code. [ECF No. 1].

20 2. The Debtor previously filed a petition for relief under Chapter 11 of the U.S.
21 Bankruptcy Code in the Bankruptcy Court for the Central District of California which was
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23 ¹ Unless otherwise noted: “Section” refers to a section of title 11 of the United States Code, 11
24 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”); “FRBP” refers to the Federal Rules
25 of Bankruptcy Procedure; “FRE” refers to the Federal Rules of Evidence; and “ECF No.” refers
26 to the bankruptcy docket for *In re Stoneridge Parkway, LLC*, Case No. 22-10540-ABL (Bankr.
27 D. Nev.). The U.S. Trustee requests that the Court take judicial notice of the pleadings and
28 documents filed in this case, pursuant to FRBP 9017 and FRE 201. To the extent that the
objection contains factual assertions predicated upon statements made by Debtor, its agents,
attorneys, professionals, or employees, the U.S. Trustee submits that such factual assertions are
supported by admissible evidence in the form of admissions of a party opponent under FRBP
9017 and FRE 801(d)(2).

1 transferred to the District of Nevada on March 30, 2016 and which closed on May 1, 2017, Case
2 No. 16-11627-BTB (the “Prior Case”). The Debtor was represented by Schwartz Flansburg, PLLC
3 in the Prior Case. [Prior Case ECF No. 233].

4 3. The Section 341 meeting of creditors in this case is presently set for March 24,
5 2022. [ECF No. 3].

6 4. On February 17, 2022, the Debtor filed the SL Application which is supported by
7 the declaration of Samuel A. Schwartz (the “Schwartz Declaration”) and includes an engagement
8 agreement for legal services (the “Engagement Agreement”). [ECF No. 8]. Through the SL
9 Application, the Debtor seek to employ and retain SL as bankruptcy counsel pursuant to Section
10 327(a), 328, 329 and 331. [See ECF No. 8, p. 2 of 30].

11 5. The SL Application discloses that two Schwartz Law, PLLC (“SL”) attorneys,
12 Samuel A. Schwartz and Brian A. Lindsey, were employed by Schwartz Flansburg, PLLC and
13 represented the Debtor in the Prior Case. [ECF No. 8, p. 4 of 30].

14 6. The Schwartz Declaration discloses that Schwartz Flansburg, PLLC was sold to
15 BHFS in 2017 and that any receivable owed by the Debtor for representation in the Prior Case was
16 included in the sale [ECF No. 8, p. 13 of 30]. BHFS is listed as a nonpriority unsecured creditor
17 on the Debtor’s Schedule E/F with a claim in the amount of “unknown.” [ECF No. 13 p. 12 of
18 28].

19 7. The Schwartz Declaration also provides that SL maintains an of counsel
20 relationship with Athanasios E. Agelakopoulos. Mr. Agelakopoulos was previously employed
21 as a trial attorney for the United States Trustee and represented the United States Trustee in the
22 Prior Case. [ECF No. 8, p. 5 of 30]. In particular, Mr. Agelakopoulos convened the first meeting
23 of creditors in the Prior Case on behalf of the United States Trustee [Prior Case ECF Nos. 122,
24 173, 209, and 400], appeared at a hearing on behalf of the United States Trustee [Prior Case ECF
25 No. 227], and drafted and filed an Objection to the Debtor’s Motion for Protective Order [Prior
26 Case ECF No. 277].

27 8. The SL Application provides that “Mr. Agelakopoulos is not and will not be
28 working on this case.” [Id].

1 9. The SL Application provides for proposed compensation to SL in the amount of
2 “(a) its standard hourly rates, plus (b) a fee of twenty percent (20%) of the recovery obtained by
3 the Debtor from the sale or refinancing of its assets.” [ECF No. 8, p 7 of 30]. The Debtor’s primary
4 asset is a certain undeveloped real property in Las Vegas, Nevada known as the Silverstone Ranch
5 Community Golf Course (the “Real Property”) with a scheduled value of “unknown.” [ECF No.
6 13, p. 7 of 28]. The Debtor previously valued the Real Property at \$1,500,000.00. [Prior Case ECF
7 No. 32, p. 4 of 6].

8 10. The Engagement Agreement provides that the Debtor “will be responsible for any
9 costs of collection incurred by the firm, including reasonable attorneys’ and paralegals’ fees and
10 costs.” [ECF No. 8, p. 22 of 30].

11 **ARGUMENT**

12 **A. *The Debtor fails to Sufficiently Establish SL’s Disinterestedness***

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14 11. The requirements for employment of a professional person seeking authorization
15 to represent the bankruptcy estate under Section 327(a) are that:

16 Except as otherwise provided in this section, the trustee, with the
17 court’s approval, may employ one or more attorneys, accountants,
18 appraisers, auctioneers, or other professional persons, that do not
19 hold or represent an interest adverse to the estate, and that are
20 disinterested persons, to represent or assist the trustee in carrying
21 out the trustee’s duties under this title.

22 *See* 11 U.S.C. § 327(a) (emphasis added).

23 12. At a minimum, a professional desiring to serve in a bankruptcy case must meet
24 three criteria. First, the professional must “not hold or represent an interest adverse to the estate.”
25 11 U.S.C. § 327(a). A generally accepted definition of “adverse interest” is the (1) possession or
26 assertion of an economic interest that would tend to lessen the value of the bankruptcy estate; or
27 (2) possession or assertion of an economic interest that would create either an actual or potential
28 dispute in which the estate is a rival claimant; or (3) possession of a predisposition under
circumstances that create a bias against the estate. *In re AFI Holding, Inc.*, 355 B.R. 139, 148-49

1 (B.A.P. 9th Cir. 2006), *aff'd* 530 F.3d 832 (9th Cir. 2008) (citation omitted).

2 13. Second, the applicant seeking to serve as a professional in a bankruptcy case must
3 be “disinterested.” The Code defines “disinterested person” as one who “is not a creditor, an equity
4 security holder, or an insider” and who “does not have an interest materially adverse to the interest
5 of the estate ... [because of] any direct or indirect relationship to, connection with, or interest in
6 the debtor ... or for any other reason.” 11 U.S.C. §§ 101 (14)(A) & (C).

8 14. While there is substantial overlap between the two prongs of the test set forth in
9 Section 327(a), both prongs must be satisfied. *In re Tevis*, 347 B.R. 679, 687-88 (9th Cir. B.A.P.
10 2006) (citing *In re Mehdipour*, 202 B.R. 474, 478 (9th Cir. B.A.P. 1996)). The disinterestedness
11 provision of § 327(a) is mandatory. It is stricter than the conflict of interest provisions in the
12 Nevada Rules of Professional Conduct, because § 327(a) does not allow for the waiver of conflicts
13 of interest. *See S.S. Retail Stores Corp.*, 211 B.R. 699, 703 (9th Cir. B.A.P. 1997); *compare*
14 Nevada Rules of Professional Conduct, Rule 1.7(b)(4). Therefore, any waiver of conflict with
15 respect to proposed counsel is ineffective for the purposes of § 327(a).

17 15. “Together, the statutory requirements of disinterestedness and no adverse interest
18 to the estate ‘serve the important policy of ensuring that all professionals appointed pursuant to
19 section 327(a) tender undivided loyalty and provide untainted advice and assistance in furtherance
20 of their fiduciary responsibilities.’” *In re Crivello*, 134 F.3d 831, 836 (7th Cir.1998) (quoting in
21 part *Rome v. Braunstein*, 19 F.3d 54, 58 (1st Cir.1994)).

22 16. Third, the statute provides that a trustee, with the “approval” of the bankruptcy
23 court “may” appoint counsel who are disinterested and have no adverse interest, creating a third
24 criterion, namely that the bankruptcy judge approve the person seeking appointment. The
25 permissive language in the statute makes clear that courts can deny appointment on additional
26 grounds. The Code’s language is broad enough that a bankruptcy court may exclude a professional
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1 with any connection that “would even faintly color the independence and impartial attitude
2 required by the Code.” *In re AFI Holding*, 530 F.3d 832, 838 (9th Cir. 2008) (citation omitted).

3
4 17. Section 327(a) establishes a comprehensive scheme under which Debtor in
5 possession must ask court permission to retain counsel. Creditors, parties in interest, and the
6 United States Trustee may object, and after determining that proposed counsel can comply with
7 the statutory requirements, the Court may approve or deny the application if the court determines
8 that employment is in the best interests of the estate. 11 U.S.C. §327(a). The purpose of Section
9 327(a) is to ensure impartiality in bankruptcy representation. *In re Prince*, 40 F.3d 356, 360 (11th
10 Cir. 1994).

11
12 18. Even a potential conflict provides sufficient grounds for a court to decline to
13 appoint an attorney. *In re AFI Holding, Inc.*, 530 F.3d 832, 838 (9th Cir. 2008) (potential for
14 materially adverse effect sufficient grounds to deny appointment); *Chugach Elec. Ass’n v. United*
15 *States District Court*, 370 F.2d 441, 442-43 (9th Cir. 1966). In fact, doubt as to whether a particular
16 set of facts gives rise to a disqualifying conflict of interest should normally be resolved in favor of
17 disqualification. *In re Wheatfield Business Park LLC*, 286 B.R. 412, 418 (Bankr. C.D. Cal. 2002).

18
19 19. When proposed counsel represents another entity that has an interest adverse to the
20 debtor’s estate, which permeates the case, and is the most significant factor to be dealt with in the
21 reorganization, then proposed counsel is not disinterested, represents an adverse interest, and
22 cannot be employed as counsel for the estate. *See In re Amdura Corp.*, 121 B.R. 862, 866-67
23 (Bankr. D. Colo. 1990).

24
25 20. “If it is plausible that the representation of another interest may cause the debtor’s
26 attorneys to act any differently than they would without that other representation, then they have
27 a conflict and an interest adverse to the estate.” *In re Git-N-Go, Inc.*, 321 B.R. 54, 58 (Bankr. N.D.
28 Okla. 2004) (citing *In re The Leslie Fay Cos.*, 175 B.R. 525, 533 (Bankr. S.D.N.Y. 1994)).

1 21. “An actual conflict exists if there is ‘an active competition between two interests,
2 in which one interest can only be served at the expense of the other.’” *In re Git-N-Go, Inc.*, 321
3 B.R. 54, 58 (Bankr. N.D. Okla. 2004) (citing *In re BH&P, Inc.*, 103 B.R. 556, 563 (Bankr. D.N.J.
4 1989), *aff’d in pertinent part*. 119 B.R. 35 (D.N.J. 1990)).

5
6 22. When proposed counsel is unable or unwilling to represent the debtor in a dispute
7 with another entity that counsel also represents an actual disqualifying conflict arises. *See In re*
8 *Git-N-Go, Inc.*, 321 B.R. 54, 61 (Bankr. N.D. Okla. 2004).

9
10 23. When the relationship giving rise to the conflict permeates the case and proposed
11 counsel acknowledges its inability to take a position contrary to its other clients, then it is not
12 disinterested and Section 327(c) does not shelter it from disqualification. *See In re Git-N-Go, Inc.*,
13 321 B.R. 54, 61 (Bankr. N.D. Okla. 2004); *see also In re Amdura Corp.*, 121 B.R. 862, 867 (Bankr.
14 D. Colo. 1990).

15
16 24. Here, the Debtor has summarily stated that the outstanding payable owing by
17 Debtor on account of legal services provided in the Prior Case was sold to BHFS but provides no
18 further detail. In particular, the SL Application fails to indicate whether SL or its members
19 maintain an interest in BHFS or the receivable such as would satisfy the requirement of
20 disinterestedness.

21 **B. *The Debtor Fails to Adequately Address the Imputed Conflict Resulting from***
22 ***Mr. Agelakopoulos’ Representation of the United States Trustee in the Prior***
23 ***Case***

24 25. Nevada Rule of Professional Conduct 1.11 provides, in relevant part, that

25 (a) Except as law may otherwise permit, a lawyer who has formerly
26 served as a public officer or employee of the government:

27 (2) shall not otherwise represent a client in
28 connection with a matter in which the lawyer
participated personally and substantially as a public
officer or employee, unless the appropriate

1 government agency gives its informed consent,
2 confirmed in writing, to the representation.

3 (b) When a lawyer is disqualified from representation under
4 paragraph (a), no lawyer in a firm which that lawyer is associated
5 may knowingly undertake or continue representation in such matter
6 unless:

7 (1) the disqualified lawyer is timely screened and
8 participation in the matter and is apportioned no part
9 of the fee therefrom; and

(2) written notice is promptly given to the
appropriate government agency to enable it to
ascertain compliance with the provisions of this rule.

10 Nevada Rule of Professional Conduct 1.11

11 26. Nevada Rule of Professional Conduct 1.11(a) is implicated because Mr.
12 Agelakopoulos personally and substantially participated in the Prior Case while being employed
13 as an attorney for the United States Trustee. The Debtor does not allege that the United States
14 Trustee gave informed consent, confirmed in writing, to his representation of the Debtor. [ECF
15 No. 8 generally].

16 27. Therefore, a disqualification is imputed upon SL pursuant to Nevada Rule of
17 Professional Conduct 1.11(b) unless the requirements of 1.11(b)(1) and (2) are met.

18 28. In order to satisfy 1.11(b)(1), SL must screen Mr. Agelakopoulos from participation
19 in the case and refrain from apportioning any of the corresponding fee to Mr. Agelakopoulos.

20 29. “The burden of proof is upon the party seeking to cure an imputed disqualification
21 with screening to demonstrate that the use of screening is appropriate for the situation and that the
22 disqualified attorney is timely and properly screened.” *Ryan’s Express Transp. Servs. v Amador*
23 *Stage Lines, Inc.*, 128 Nev. 289, 298 (2012). “The timing of the implementation of screening
24 measures in relation to the occurrence of the disqualifying event is relevant in determining whether
25 the screen was properly erected....furthermore, the screen must be in place when the attorney joins
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1 the firm.” *Id.*

2 30. “When considering whether the screening measures implemented are adequate,
3 courts are to be guided by the following nonexhaustive list of factors: instructions given to ban
4 the exchange of information between the disqualified attorney and other members of the firm,
5 restricted access to files and other information about the case, the size of the law firm and its
6 structural divisions, the likelihood of contact between the quarantined lawyer and other members
7 of the firm, and the timing of the screening.” *Id.* at 298- 299.

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9 31. The SL Application does not address any of the screening factors and does not
10 allege that Mr. Agelakopoulos will be prohibited from sharing in the fees collected in the case.
11 (ECF No. 8 *generally*).

12
13 32. The SL Application also does not allege that written notice has been provided to
14 the United States Trustee as required by Nevada Rule of Professional Conduct 1.11(b)(2). (*Id.*)

15 **C. *The Debtor Fails to Carry its Burden of Establishing the Reasonableness of the***
16 ***Terms and Conditions for Retention and Compensation included in the***
17 ***Application, Supporting Declaration and Engagement Agreement***

18 33. While Section 327 addresses employment of professionals, 11 U.S.C. §§ 328 and
19 330 address compensation of those professionals after they have been employed under Section
20 327. Section 330 authorizes the bankruptcy court to award the retained professional reasonable
21 compensation “based on an after-the-fact consideration of ‘the nature, the extent, and the value of
22 such services, taking into account all relevant factors.’” *In re Smart World Technologies, LLC*, 552
23 F.3d 228, 232 (2d Cir. 2009) (quoting Section 330(a)).

24
25 34. Section 328 operates differently and “permits a professional to have the terms and
26 conditions of its employment pre-approved by the bankruptcy court, such that the bankruptcy court
27 may alter the agreed-upon compensation only ‘if such terms and conditions prove to have been
28 improvident in light of developments not capable of being anticipated at the time of the fixing of

1 such terms and conditions.” *In re Circle K Corp.*, 279 F.3d 669, 671 (9th Cir. 2002); *In re Smart*
2 *World Technologies, LLC*, 552 F.3d at 232 (noting that “section 328(a) permits a bankruptcy court
3 to forgo a full post-hoc reasonableness inquiry if it pre-approves the “employment of a professional
4 person under section 327 ... on any reasonable terms and conditions of employment” (quoting
5 Section 328(a)). Thus, pre-approval of compensation pursuant to Section 328 is not lightly
6 permitted. *Owens v. United States Trustee (In re Owens)*, 2014 Bankr. LEXIS 3346 at *7 (B.A.P.
7 9th Cir. August 6, 2014).

8
9 35. Section 328 only provides the possible basis for approval of terms of compensation.
10 *See generally In re Circle K Corp.*, 279 F.3d 669, 671 (9th Cir. 2002).

11
12 36. “The differences between §§ 328 and 330 affect the timing and process of the
13 court’s review of fees.” *In re Citation Corp.*, 493 F.3d 1313, 1318 (11th Cir. 2007). Under Section
14 328, “the bankruptcy court reviews the fee at the time of the agreement and departs from the agreed
15 fee only if some unanticipated circumstance makes the terms of that agreement unfair. Under
16 Section 330, the court reviews the fees after the work has been completed and looks specifically
17 at what was earned, not necessarily at what was bargained for at the time of the agreement.” *Id.*

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19 37. The burden of proof to establish the terms and conditions of employment –
20 including the imposition of Section 328(a) – is on the applicant. *Nischwitz v. Miskovic (In re*
21 *Airspect Air, Inc.)*, 385 F.3d 915, 921 (6th Cir. 2004) (quoting *Zolfo*, 50 F.3d at 262). To meet its
22 burden, the firm must provide specific evidence to establish that “the terms and conditions are in
23 the best interest of the estate.” *In re Gillett Holdings, Inc.*, 137 B.R. 452, 455 (Bankr. D. Colo.
24 1991); *In re Thermadyne Holdings Corp.*, 283 B.R. 749, 756 (B.A.P. 8th Cir. 2002); *In re Potter*,
25 377 B.R. 305, 307-08 (Bankr. D. N.M. 2007) (“The trustee seeking to employ a professional under
26 11 U.S.C. § 328 bears the burden of showing that the provisions of the proposed employment are
27 reasonable.”).
28

1 38. Here, the Debtor seeks to have SL's proposed compensation of regular hourly rates
2 plus a 20% contingency fee approved through the SL Application and the Engagement Agreement
3 pursuant to 11 U.S.C. §328. [See ECF No. 81, pp. 3 & 6 of 27].
4

5 39. Both the SL Application and the Schwartz Declaration fail to establish the
6 reasonableness of these hourly rates given the specific facts of these cases.

7 40. Pre-approval of a professional's terms of compensation as reasonable should not be
8 granted lightly given that the Court may not revisit the issue at the compensation stage unless such
9 terms prove to have been improvident in light of developments not capable of being anticipated at
10 the time the terms or rates were fixed. See 11 U.S.C. § 328(a); see also *Friedman Enters. v. B.U.M.*
11 *Int'l, Inc. (In re B.U.M. Int'l, Inc.)*, 229 F.3d 824, 829 (9th Cir. 2000) ("There is no question that
12 a bankruptcy court may not conduct a § 330 inquiry into the reasonableness of the fees and their
13 benefit to the estate if the court already has approved the professional's employment under [] §
14 328.").

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17 41. Approving an arrangement under Section 328 removes the standard of reasonable
18 compensation based on an after-the-fact consideration of "the nature, the extent, and the value of
19 such services, taking into account all of the relevant factors" under Section 330, and instead
20 replaces it with a standard that severely constrains the Court's authority to only disallow
21 compensation that is "improvident in light of developments not capable of being anticipated at that
22 time." 11 U.S.C. §328(a). The Court should not allow SL to bypass a full post-hoc reasonableness
23 inquiry if employment is approved under 11 U.S.C. §327.
24

25 42. Debtor has not met its burden of proof to demonstrate why or how the terms,
26 conditions, and structure SL's compensation are reasonable under 11 U.S.C. §328(a) and should
27 be approved at the outset of SL's representation of the Debtor instead of being subject to review
28 once SL seeks compensation, including at the end of the cases once the Court and parties-in-

1 interest can better assess SL's performance. A professional's requested invocation of Section
2 328(a) is neither mandatory nor automatic, regardless of the proposed compensation scheme. A
3 professional should not automatically expect approval of its retention under Section 328 just
4 because it asks for it. Further, Debtor has also not explained why the hourly rates charged by SL
5 for providing the legal services contemplated in the retention application are not reasonably
6 sufficient and require an additional 20% of any sale of refinance be paid to SL. It appears that SL
7 may be seeking a fee enhancement through the retention application, and it should be denied. *See*
8 *In re Manoa Fin. Co.*, 853 F.2d 687, 691 (9th Cir. 1988). Rather, any fee enhancement request
9 should be made at the time SL seeks compensation under 11 U.S.C. § 330 so that the Court may
10 apply the factors set forth in *In re Manoa Fin. Co.* and make detailed findings to support any
11 upward adjustment above the loadstar calculation. *Id.* at 692. Accordingly, the Court should deny
12 the request to pre-approve the terms of SL's employment and compensation under Section 328 or
13 under some other Code provision.

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17 43. The Court should decline to approve any Section 328 provisions requested in the
18 SL Application and subject SL's fee application to a review unconstrained by pre-approval of any
19 compensation terms at the beginning of these cases.

20 **D. *The Engagement Agreement Includes Prohibited Terms***

21 44. The Supreme Court has held that Section 330(a)(1) does not permit bankruptcy
22 courts to award compensation for defense of a fee application. *Baker Botts, LLP v ASARCO, LLC*,
23 576 U.S. 121 (2015).

24
25 45. The Engagement Agreement provides that the Debtor is responsible for any costs
26 of collection incurred by the firm, including reasonable attorneys' and paralegals' fees and costs.

27 46. The provision concerning attorney's fees for collection of fees is prohibited under
28 the *ASARCO* decision and should be disallowed.

CONCLUSION

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3 47. As discussed above, the Debtor has failed to establish the disinterestedness of SL
4 and has failed to adequately address SL's imputed disqualification. In addition, terms of
5 employment and compensation pre-approved under Section 328 should not be granted lightly. The
6 Debtor has not met its burden of showing that limiting review of SL's fees to the standards set
7 forth in Section 328 terms is appropriate and in the best interests of the estates given the specific
8 facts of these cases. The request for any fee enhancement by virtue of the retention application
9 should be denied as it is not timely or appropriate. Finally, the provision concerning attorney's
10 fees for collecting fees is prohibited under the *ASARCO* decision and should be disallowed. For
11 the reasons set forth herein, the SL Application should be denied. Furthermore, the Engagement
12 Agreement improperly provides for SL to be compensated for defense of its own fees.
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15 48. The U.S. Trustee reserves all her rights under the Bankruptcy Code and FRBP,
16 including to object to any fee applications filed by or on behalf of SL as counsel for either of the
17 Debtor' estates.
18

19 **WHEREFORE**, the United States Trustee respectfully requests that the Court deny the
20 SL Application.

21 Dated: March 9, 2022

22 **TRACY HOPE DAVIS**
23 **UNITED STATES TRUSTEE, REGION 17**

24 By: /s/ John W. Nemecek
25 John W. Nemecek
26 Trial Attorney
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CERTIFICATE OF SERVICE

I, JOHN W. NEMECEK, under penalty of perjury declare: That declarant is, and was when the herein described service took place, a citizen of the United States, over 18 years of age, and not a party to nor interested in, the within action; that on March 9, 2022, I caused a copy of the foregoing **OBJECTION AND RESERVATION OF RIGHTS OF THE U.S. TRUSTEE TO THE APPLICATION FOR THE ENTRY OF AN ORDER UNDER 11 U.S.C. §§ 327(a), 328, 329 AND 331 AND FED. R. BANKR. P. 2014 AND 2016 AUTHORIZING THE EMPLOYMENT AND RETENTION OF SCHWARTZ LAW, PLLC AS ATTORNEYS FOR THE DEBTOR-IN-POSSESSION** to be served on the following parties:

a. ECF System (attach Notice of Electronic Filing or list of persons & addresses):

- SAMUEL A. SCHWARTZ saschwartz@nvfirm.com
- U.S. TRUSTEE - LV - 7 USTPRegion17.LV.ECF@usdoj.gov

b. U.S. Mail, postage fully prepaid (via BNC):

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

Signed: March 9, 2022

/s/ John W. Nemecek
JOHN W. NEMECEK