

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re:

NEW WEI, INC., *et al.*,¹

Debtors.

Chapter 7

Case No. 15-02741-TOM11

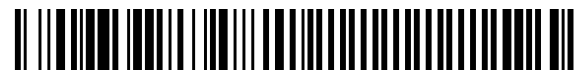
Jointly Administered

Re: Docket No. 3739

**FEE EXAMINER'S FINAL REPORT REGARDING
ELEVENTH APPLICATION REQUEST OF
SIROTE & PERMUTT, P.C.**

Direct Fee Review LLC (“DFR”), appointed and employed as the Fee Examiner in the above-captioned bankruptcy proceedings and acting in its capacity regarding the Eleventh Application Request of Sirote & Permutt, P.C. (the “Firm”) for compensation for services rendered and reimbursement of expenses as Counsel for the Interim Chapter 7 Trustee for the compensation period from October 1, 2020 through March 31, 2021 (“Fee Application”) seeking approval of fees in the amount of \$132,760.00 and the reimbursement of expenses in the amount of \$207.04, submits its final report.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: New WEI, Inc. (f/k/a Walter Energy, Inc.) (9953); Atlantic Development and Capital, LLC (8121); Atlantic Leaseco, LLC (5308); Blue Creek Coal Sales, Inc. (6986); Blue Creek Energy, Inc. (0986); New WEI 7, Inc. (f/k/a J.W. Walter, Inc.) (0648); Jefferson Warrior Railroad Company, Inc. (3200); New WEI 2, LLC (f/k/a Jim Walter Homes, LLC) (4589); New WEI 13, Inc. (f/k/a Jim Walter Resources, Inc.) (1186); Maple Coal Co., LLC (6791); Sloss-Sheffield Steel & Iron Company (4884); SP Machine, Inc. (9945); Taft Coal Sales & Associates, Inc. (8731); Tuscaloosa Resources, Inc. (4869); V Manufacturing Company (9790); New WEI 19, LLC (f/k/a Walter Black Warrior Basin LLC) (5973); New WEI 18, Inc. (f/k/a Walter Coke, Inc.) (9791); New WEI 22, LLC (f/k/a Walter Energy Holdings, LLC) (1596); New WEI 20, LLC (f/k/a Walter Exploration & Production LLC) (5786); New WEI 1, Inc. (f/k/a Walter Home Improvement, Inc.) (1633); New WEI 6 Company (f/k/a Walter Land Company) (7709); New WEI 16, Inc. (f/k/a Walter Minerals, Inc.) (9714); and New WEI 21, LLC (f/k/a Walter Natural Gas, LLC) (1198). The location of the Debtors’ corporate headquarters is 2100 Southbridge Parkway, Suite 650, Birmingham, Alabama 35209.



BACKGROUND

1. In performance of audit procedures and in preparation of this report designed to quantify and present factual data relevant to the requested fees, disbursements and expenses contained herein, DFR reviewed the monthly fee statement and the Application, including each of the billing and expense entries listed in the exhibits to the monthly statements, for compliance with 11 U.S.C. § 330, Rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Alabama (“Local Rules”).
2. DFR did not prepare informal memos related to monthly fee applications of the Firm. We included our questions and issues in an initial report and this final report. We have included all responses and any recommended resolutions in this final report.

DISCUSSION

3. For the compensation period of October 1, 2020 through March 31, 2021 the Firm submitted fee applications in the amount of \$132,760.00 as actual, reasonable and necessary fees and for expense reimbursement of \$207.04. For the Fee Application period, we identified \$1,360.00 as related to fee application preparation.
4. We deem it generally acceptable to have a maximum of 3% of total time charged in preparing fee applications. For Firms with more limited involvement, we consider an alternative standard of less than \$50,000 in total spent on preparing fee applications. We apply these guidelines on a cumulative basis. We evaluate these charges with consideration to the length of time of the case and the practice experience of the firm. In each application we review every entry for substance and to determine the correct allocation without regard for materiality. We noted that cumulatively through this period the Firm has charged

\$21,682.50 related to fee applications on a cumulative basis and we have calculated that 2.5% of the fees billed related to fee applications on a cumulative basis. We do not have an objection to the amount of fees charged for fee application preparation in this fee application based upon our review and procedures and we deem the amount to be reasonable.

5. Our procedures applied to the monthly fee applications identified the entries listed in Exhibit A, that when recalculated, did not equal the amount of the time charged. We requested that the Firm review these entries and adjust the time charged to their internal detail, if appropriate. The Firm agreed to reduce these charges to their internal detail. We recommend that fees be reduced by \$255.00.
6. We noted the entry listed in Exhibit B, which appeared to have been recorded in ¼ hour increment instead of 1/10 hour increment. We requested that the Firm review this entry and adjust it if appropriate. The Firm agreed to adjust this charge to 0.2 hours. We recommend that fees be reduced by \$21.25.
7. Pursuant to the Guidelines, administrative or general costs incident to the operation of the applicant's office and not particularly attributable to an individual client or case are not reimbursable. We noted entries that seemed to reflect administrative activity that would not be charged to the estate such as invoice preparation and review or review for internal error correction such as that for those entries including privileged or confidential information. We requested and the Firm confirmed that these are solely related to fee application preparation except for the entry in Exhibit C, which the Firm agreed to remove. We recommend that fees be reduced by \$85.00.

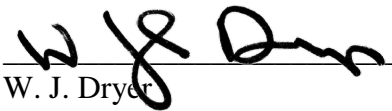
8. Local Rule 2016-1 provides in section (f) (4) the activity descriptions shall individually identify all meetings and hearings (conferences and conference by telephone), each participant, the subject(s) of the meeting or hearing (conferences and conference by telephone) and the participant's role. Our procedures applied to the monthly fee applications identified entries with descriptions which did not provide such detail. We were not able to identify participants from related entries. We requested and the Firm confirmed that the identity of the participants referred to as "accountant", "special counsel", "co-counsel", "general counsel" and "counsel" are as previously advised. We requested that the Firm require timekeepers to provide participant detail for each time entry in all fee applications. Since no adjustment is required, no exhibits have been included.
9. Our review and procedures applied to the fee statement and the Fee Applications, including each of the billing and expense entries listed in the exhibits to the fee statement did not disclose any other material issues or questions.

CONCLUSION

10. Regarding the application and the fees and expenses discussed in the previous sections, DFR submits its final report for the Eleventh Application Request of Sirote & Permutt, P.C. for compensation for services rendered and reimbursement of expenses as Counsel for the Interim Chapter 7 Trustee for the compensation period from October 1, 2020 through March 31, 2021 and we recommend the approval of the fees of \$132,398.75 (\$132,760.00 minus \$361.25) and reimbursement of expenses in the amount of \$207.04.

Respectfully submitted,

DIRECT FEE REVIEW LLC
FEE EXAMINER

By: 
W. J. Dryer

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Exhibit A:

(212.50)	(0.50)	1.70	10/13/2020	Stephen B. Porterfield	Receipt of call from counsel for IRG, Buechler, regarding revised contract (.2); several conferences with TBH regarding same and strategy for revisions (.5); review of email from accountant for estate regarding same (.2); review of several emails from counsel for Warrior Met, Hall (.5); review of TBH emails to IRG counsel (.3)	2.20	\$935.00
(85.00)	(0.20)	1.80	10/15/2020	Stephen B. Porterfield	Receipt of call and email from Buechler, counsel for IRG, regarding filing employment application and authorization to file tax form with IRS (.3); strategy for getting Warrior Met consent to file tax form (.2); review of TBH report on conversation with court clerk (.2); review of email from Buechler requesting Trustee signature on tax form (.2); review of email from Hall giving Warrior Met authority to file (.2); review of multiple emails to and from Buechler regarding logistics of execution and mailing of tax form (.5); receipt of filed tax form sent by Buechler (.2)	2.00	\$850.00
(85.00)	(0.20)	1.00	10/8/2020	Stephen B. Porterfield	Email to Investment Recovery Group regarding status of application to be employed (.2); receipt and review of revised consulting agreement to be attached to application (.3); instructions for amendment of application to incorporate (.2); edits to contract (.3); review of revised application	1.20	\$510.00
(85.00)	(0.20)	0.40	10/14/2020	Stephen B. Porterfield	Review and analysis of filing to IRS contemplated to be filed by IRG by tomorrow (.2); review of email from accountant for estate regarding same; review of revised proposed filing (.2)	0.60	\$255.00
42.50	0.10	1.60	10/8/2020	Stephen B. Porterfield	Receipt and review of draft complaint against railroad companies (1.0); edits to complaint (.2); email to in-house counsel for Warrior Met with specific questions (.2); email to special counsel with suggested edits (.2)	1.50	\$637.50
85.00	0.20	1.40	11/24/2020	Stephen B. Porterfield	Email to counsel for GenRe, Hammond, to inquire as to status of payments from GenRe (.2); call to Burke regarding GenRe emails (.2); conference with Burke (.2); email to Brown in response to her email (.2); email to Hall and Burke regarding same (.2); receipt of voicemail from Hammond as to status of payments (.2); email to Hammond regarding same (.2)	1.20	\$510.00
85.00	0.20	1.00	11/13/2020	Stephen B. Porterfield	Discussion with TBH regarding edits to 9019 motion to approve workers' compensation settlement (.2); review of draft 9019 motion (.2) review of email from Walding with proposed email to counsel for GenRe (.2); email to Walding regarding same and approval (.2); receipt of email from Burke regarding same (.2)	0.80	\$340.00

(255.00)

Exhibit B:

10/21/2020	Stephen B. Porterfield	Review of copies of updated request to State Treasurer's office for unclaimed property	0.25	\$106.25
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Exhibit C:

12/4/2020	Stephen B. Porterfield	Instructions for billing for tenth fee application	0.20	85.00
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