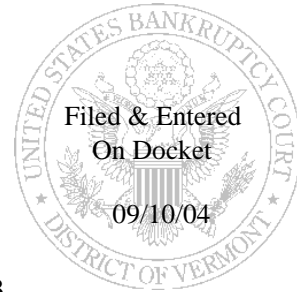


UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT



In re:

**FIBERMARK, INC.,
FIBERMARK NORTH AMERICA, INC., and
FIBERMARK INTERNATIONAL HOLDINGS, INC.
Debtors,**

**Case # 04-10463
Chapter 11
Jointly Administered**

ORDER
GRANTING APPLICATION FOR PAYMENT OF ATTORNEYS' FEES,
GRANTING IN PART THE APPLICATION FOR PAYMENT OF PARALEGALS' FEES
AND APPROVING REIMBURSEMENT OF EXPENSES

On August 11, 2004, Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Debtor, filed a "First Interim Application for Allowance and Payment of Compensation for Services Rendered and Reimbursement of Expenses Incurred (March 31, 2004 through June 30, 2004)" (doc # 494) (the "First Application"). The United States Trustee has filed a consent to the Application, subject to minor revisions to the proposed order which the applicant made.¹ After considering the First Application in light of the standards set forth in In re S.T.N. Enterprises, Inc., 70 B.R. 823 (Bankr. D. Vt. 1987), the Court grants the application for payment of the attorneys' fees in full, grants the application for payment of paraprofessional fees in part, and approves reimbursement of expenses in full.

There is an inherent public interest that must be considered in awarding fees in a bankruptcy case. Senate Report No. 95-989, 95th Congress, 2d Session 40 (1978). U.S. Code Cong. & Admin. News 1978, p. 5787. Accordingly, the Bankruptcy Code imposes upon this Court a supervisory obligation not only to approve counsel's employment, but also to ensure that the fees sought by counsel in a bankruptcy case are reasonable, and that the services and expenses were actually and necessarily incurred. 11 U.S.C. §§ 327 - 330. Notwithstanding the absence of any objection -- and the consent of the United States Trustee -- to the First Application, this Court has an independent judicial responsibility to evaluate the appropriateness of the fees and expenses requested. 11 U.S.C. § 330 (a)(3) and Bankruptcy Rules 2016 and 2017; STN Enterprises, Inc., 70 B.R. at 831; In re ACT Mfg., Inc., 281 B.R. 468, 474 (Bankr. D. Mass. 2002). Moreover, a bankruptcy judge's duty is to conduct a discrete inquiry into every request for attorney fees and that duty cannot be delegated. See In re Zamora, 251 B.R. 591, 596 (D.Colo.2000). This responsibility is especially

¹ While the United States Trustee did not file an objection to the any of the fees or expenses sought, the second Proposed Order (doc. # 558) reduces the expense amount sought by Skadden, Arps by \$372.28 for certain catering charges based upon an "inquiry" that the United States Trustee made directly to Skadden, Arps..

acute when the attorneys seek compensation out of a bankruptcy estate. STN Enterprises, Inc., 70 B.R. at 832. The rationale for the bankruptcy court's independent duty to review fee applications has been described as "a duty to protect the estate 'lest overreaching...professionals drain it of wealth which by right should inure to the benefit of unsecured creditors.'" In re Keene Corp., 205 B.R. 690, 695 (Bankr. S.D. N.Y.1997).

Having reviewed the First Application, the Court finds all attorney's fees earned during the Application Period to be compensable. Specifically, the Court finds the services rendered by the applicant were reasonable, necessary and of great benefit to the estate. 11 U.S.C. § 330(a); In re JLM, Inc., 210 B.R. 19, 24 (2d Cir. BAP 1997). Accordingly, the fees sought in connection with services rendered by attorneys are approved and allowed in full.

The Court finds certain of the paraprofessional fees earned during the Application Period are not compensable and therefore paraprofessional's fees are approved only in part; paraprofessionals' fees are allowed only to the extent of \$20,101. The remaining \$40,514.50 sought in paraprofessional fees incurred during the Application Period are disallowed in accordance with S.T.N. Enterprises.² 70 B.R. at 838. Specifically, time devoted to administrative activities such as mailing or delivering papers, photocopying, word processing, and organizing files constitutes overhead expenses and is not compensable from the debtor's estate. See id. The Court finds the following tasks to be administrative activities, and accordingly denies allowance of compensation for the amounts of time specified:

- checking the docket for updates and distributing docket updates to the legal team (22.5 hours);
- updating the working group list (5.4 hours);
- updating the master service list (18.2 hours);
- updating the case file (16.7 hours);
- creating, organizing, updating and indexing binders (69.6 hours);
- creating and updating internal case calendars and distributing them to the team (31.6 hours);
- preparing copies for service (71.5 hours);
- pulling various precedent pleadings (22.3 hours);
- various word processing functions such as creating templates, adding pages to various stipulations, formatting, creating spreadsheets, scanning and saving files to Skadden system, creating and revising charts, inserting case numbers into orders, and printing documents (67.8 hours);
- completing applications for attorneys to register for electronic filing (2.2 hours)
- organizing documents (9.4 hours); and
- making travel arrangements (.2).

² The amount of disallowed fees were calculated at the lower rate of \$110 set forth in the First Application.

Based upon the descriptions Skadden, Arps provided in its timesheets, the Court finds that these tasks are administrative and constitute overhead expenses which are not compensable from the Debtors' estates.

Additionally, the First Application seeks paraprofessional fees for tasks labeled as "assist with closing" for 15.9 hours and "assist with document production" for 15.2 hours. The First Application provides no explanation for these tasks and hence the Court is unable to evaluate whether the time spent on them is compensable from the estates. Based upon the lack of documentation and description, the Court disallows compensation for these two entries at this time. However, the Court will allow the Applicant an opportunity to supplement the First Application to provide a more detailed description and explanation for these time entries, so the Court may evaluate the nature and value of these services. STN Enterprises, Inc., 70 B.R. at 836.


The expenses incurred during the Application Period, minus the \$372.28 expense reduction voluntarily made by the applicant, are approved and allowed.

THEREFORE, IT IS HEREBY ORDERED that

1. The First Application is allowed in part and disallowed in part.
2. The following fees and expenses as set forth in the First Application are approved and allowed:
 - (A) \$1,188,263.50 for attorneys' fees;
 - (B) \$20,101.00 for paraprofessional fees; and
 - (B) \$54,666.51 for reimbursement of expenses.
3. The Debtors are hereby authorized and directed to pay to Skadden, Arps (to the extent not previously paid) the sums of: (i) \$1,208,364.50, representing fees earned by Skadden, Arps during the Application Period and (ii) \$54,666.51, representing the reduced expenses incurred by Skadden, Arps during the Application Period.
4. If the Applicant would like to supplement the First Application to provide a more thorough description of the two entries "assist with closing" and "document production" to enable this Court to evaluate whether these are in fact paraprofessional fees that are compensable from the estates, such supplement must be filed by September 21, 2004.

SO ORDERED.

September 10, 2004
Rutland, Vermont



Colleen A. Brown
United States Bankruptcy Judge