

MICHELLE H. CHOW, CPA

Chapter 7 Bankruptcy Trustee
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March 8, 2012

Timothy W. O'Neal
Assistant U.S. Trustee
300 Plaza Tower
110 N. College Avenue
Tyler, TX 75702

Re: David L. And Debra G. Aishman, Bankruptcy Case # 10-40515 pending in the Eastern District of Texas, Sherman Division - analysis of gross case proceeds reconciled to net proceeds in proposed distribution to creditors

Dear Mr. O'Neal;

This correspondence is intended to provide additional detail to supplement the Trustee's Final Report in the above referenced case. Note that the gross case proceeds (other than bank interest) related to asset #13, the personal injury lawsuit settlement.

To recap the distribution of funds/proposed remaining distributions (in a different order from the Trustee's Final Report):

Gross case proceeds:	
Personal Injury Settlement	\$45,000.00
See Order 06/07/10 (Agreed Order on Exemptions)	
See Order 07/22/10 (Settlement Order)	
Bank Interest Received	<u>\$3.02</u>
Total Gross Case Proceeds:	\$45,003.02
Debtor Exemptions:	
See: Order 06/07/10 (Agreed Order on Exemptions)	
(\$874.00 remainder proposed in TFR)	\$20,874.00
Administrative expenses:	
Special Counsel - Farrow-Gillespie & Heath LLP	<u>\$15,126.00</u>
See: Order 08/23/10	
Note: Fee basis 33% contingency plus expenses	
NOTE: Total available for the bankruptcy estate:	\$9,003.02
<u>After</u> Debtor Exemptions and Special Counsel	

General Counsel - Mark Agee	\$3,600.00
See: Order 12/15/11	
Note: Fee application voluntarily written down by \$1,616.46, or 33% reduction from full fee of \$4,882.50 portion. Full expenses paid.	
Trustee Compensation - Michelle Chow	\$3,299.76
Justification: 11 U.S.C. §326; commission plus expenses	
Excludes Debtor exemption from compensable base	
Bank Service Fee	<u>\$34.52</u>
Remainder for Payment to Unsecured Creditors	\$2,068.74

It is often the case when the asset is a cause of action, such as personal injury, coupled with the Debtors' selection and maximized use of Federal exemptions, that the "bar" for administering a case is quite high in order for there to be any net proceeds to claims classes beyond the administrative class and the Debtors' exemptions.

In this case, the fees of special counsel were in-line with reasonable and customary contingency percent charged (33%). There is usually a healthy percent from gross proceeds of a settlement paid to the special counsel.

A significant portion of the gross settlement proceeds was granted to the Debtors. This was appropriate, as they made the best use of the Federal wildcard, and ultimately an agreed order was granted, which allowed them their portion (\$20,000 and \$874), with an amount due to the estate of \$9,000 from the settlement proceeds. In the Trustee's opinion, this was a very fair settlement for all parties. The point is, their exemption is 46.4% of the total gross proceeds.

It is the Trustee's opinion that, while the Trustee's Final Report includes gross to net proceeds, it is upon the \$9,000 portion that a "footnote" distribution can be made, that puts the final distribution to the unsecured creditors in perspective.

General counsel fees were in line with reasonable fee rates, and in fact, were written down by approximately 1/3 in order for a healthier modest distribution to unsecured creditors. Given the amount of work and complexity of the issues involved and the experience of her general counsel, the total fees requested were very reasonable. (For more details, see docket for activity and actions, particularly #12, 13, 14, 17, 27, 28, 37, 39, 42 and also the more routine filings such as motions to hire and fee applications.)

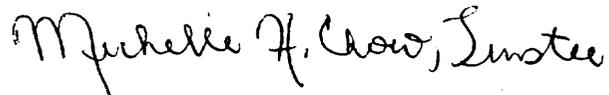
Both special counsel and general counsel were required professionals in this case. Certainly without special counsel there would be no party to pursue the personal injury case. General counsel is required when there are objections to exemptions of a complex nature and with assisting with special counsel. All administrative fees were appropriate, and Trustee believes no administrative fees were charged that were unnecessary or were unavoidable (such as bank service fees).

Trustee fees are commission based as noted in the fee application and Compensation and Expense Worksheet included as an exhibit. In order to keep administrative costs as low as possible, Trustee completed the claims review and claims objections herself with no other assistance.

With a footnote-like analysis, the \$9,000 portion of settlement proceeds for the bankruptcy estate can be viewed as \$6,899.76, or roughly 77% to administrative claims and \$2,068.74, or 23% to unsecured creditors. This is very roughly in-line with a distribution expected when a reasonable amount of work is necessary to be performed by estate professionals (unlike, for example, a simple collection of a tax refund of bank balance).

In conclusion, this memo letter further explains the nuances of gross proceeds to the net amount proposed for distribution to unsecured creditors when the asset is (1) a personal injury settlement with customary professionals and fees, coupled with (2) sizeable Debtors' exemptions. The Trustee's Final Report is a uniform report that does not allow for any further customization; therefore this letter will be attached an Exhibit to the Trustee's Final Report.

Sincerely,

A handwritten signature in black ink that reads "Michelle H. Chow, Trustee". The signature is written in a cursive style with a large initial "M".

Michelle H. Chow, Trustee