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The Honorable Patricia C. Williams  
Chapter 11

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8 UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF WASHINGTON  
9 AT SPOKANE

10 In re

Case No. 04-08822

11 THE CATHOLIC BISHOP OF SPOKANE  
a/k/a The Catholic Diocese of Spokane,  
12  
13 Debtor.

**RESPONSE OF RIDDELL WILLIAMS  
P.S. TO OBJECTIONS OF DEBTOR  
AND UNITED STATES TRUSTEE TO  
ITS FIRST INTERIM APPLICATION  
FOR AWARD OF COMPENSATION  
FOR SERVICES RENDERED AND  
REIMBURSEMENT OF EXPENSES**

[ECF Docket No. 406]

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17 COMES NOW Riddell Williams P.S. in support of its First Interim Application  
18 for Award of Compensation for Services Rendered and Reimbursement of Expenses  
19 Pursuant to 11 U.S.C. Section 330 (the "Application") (ECF Docket No. 406) and  
20 responds to the objections filed by the Debtor (ECF Docket Nos. 488 and 505) and  
21 the Office of the United States Trustee ("UST") (ECF Docket No. 720).

22 **I. INTRODUCTION**

23 In its Application, Riddell Williams seeks fees of \$239,751.00 and cost  
24 reimbursements of \$8,291.26 for the period from January 1, 2005 through March 31,  
25 2005. Pursuant to the Knudsen Order (ECF Docket No. 204), Riddell Williams has  
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1 been paid \$191,800.80 in fees (80%) and \$8,291.26 in cost reimbursements (100%).  
2 The unpaid balance is \$47,950.20 (20%).

## 3 **II. UST'S OBJECTION IS RESOLVED**

4 The objection of the UST has been resolved by the agreement of Riddell  
5 Williams to reduce its fee request by \$24,000.00. This means that the unpaid  
6 balance is \$23,950.20 (10%).

## 7 **III. DEBTOR'S OBJECTION**

8 Debtor has told Riddell Williams that the only objection that Debtor is now  
9 making is that Riddell Williams' rates exceeding \$250.00/hour are excessive, and  
10 that Debtor is reserving its other objections for possible consideration at later fee  
11 hearings. The Debtor says that \$250.00/hour is "fair and reasonable for legal  
12 services in the Spokane market." The UST did not join in the objection about  
13 Riddell's hourly rates.

### 14 **A. No Spokane Area Law Firm Applied to be TCC's Lead Counsel.**

15 No Spokane-area law firms sought to be appointed as the TCC's lead counsel  
16 nor were any recommended to the TCC by the Office of the United States Trustee.  
17 When the TCC was initially appointed on December 23, 2004, it met and interviewed  
18 the following law firms as potential counsel: (a) Pachulski Stang from Los Angeles  
19 as lead counsel together with Esposito George from Spokane as local counsel, and  
20 (b) Crocker Kuno from Seattle. On December 31, 2004, the TCC met again and  
21 interviewed the following firms: (a) Riddell Williams from Seattle; (b) Bush Strout  
22 from Seattle; and (c) Huppin Ewing from Spokane, although its representative, David  
23 Eash, said that the firm was interested only in serving as local counsel and not as  
24 lead counsel. See Declaration of Brynne Malone.

25 The circumstances here are like those in the case of In Re Yankton College,  
26 101 B.R. 151 (Bankr. S.D. 1989). That case involved the bankruptcy of a significant

1 institution in the City of Yankton like this case involves the bankruptcy a significant  
2 institution in the City of Spokane. As the court explained (101 B.R. at 154):

3 From the outset, this was not anything like a “typical”  
4 Chapter 11 reorganization. The [Yankton] College was  
5 an educational institution with great public importance to  
6 the students, faculty, staff, and the City of Yankton, and  
7 the State of South Dakota. But its highly visible financial  
8 crisis brought anger, bitterness, and divisiveness as well.

9 As much could be said for the bankruptcy filing by the Catholic Diocese of Spokane.

10 In the Yankton College case, the debtor engaged out-of-town counsel from  
11 the nearest large city, Omaha. When debtor’s counsel applied for compensation, the  
12 UST objected that local hourly rate scales should apply instead of those typically  
13 applicable to debtor’s Omaha counsel. The bankruptcy court overruled this objection  
14 noting that:

15 Out-of-town counsel must [not] always be limited to lower  
16 local rates. It may not always be possible to find counsel  
17 in or near the locality of the case who are able and willing  
18 to undertake difficult and controversial . . . litigation.

19 101 B.R. at 158 and 160 (brackets in originals; citations omitted). In the Yankton  
20 College case, like the case here, it was not possible to find local attorneys who could  
21 or would take on a case of such magnitude.

22 This case is also like In Re Frontier Airlines, Inc., 74 B.R. 973, 977 (Bankr. D.  
23 Colo. 1992), where the Committee chose as counsel a law firm from New York  
24 instead of Denver. The court allowed Committee counsel’s New York rates by noting  
25 that:

26 [B]y the time the Committee was organized and sought to  
hire counsel, many, if not most, of the experienced [local]  
bankruptcy attorneys were already committed to other  
clients.

Here, by the time the TCC was appointed, the pool of attorneys available to interview  
for lead counsel consisted of out-of-town law firms.

1 **B. When Employed by the TCC, Riddell Williams Agreed to Reduce Its**  
2 **Regular Hourly Rates.**

3 Following the interviews, the TCC selected Riddell Williams as its counsel. In  
4 so doing, it asked Riddell Williams to reduce its regular hourly rates. Riddell Williams  
5 agreed to this reduction and the regularly hourly rate of George Frasier was reduced  
6 from \$370.00 to \$350.00, and that of Joe Shickich was reduced from \$340.00 to  
7 \$330.00. See Declaration of Brynne Malone. For the period covered by the  
8 Application (January through March), this results in a \$9,612.00 reduction.

9 **C. This Court Has Approved Rates at and Above \$350.00/hour.**

10 This Court has approved rates recently equal to or greater than those of  
11 Riddell Williams. Attached as Exhibit A to the Declaration of Chris Collison is a chart  
12 showing the rates approved in the Hi-County Foods Corporation case and the  
13 Metropolitan Mortgage case.

14 **D. The Rates of Debtor's Own Insurance Counsel from Seattle Exceed**  
15 **\$250.00/Hour.**

16 Debtor's own counsel, Gordon Murray Tilden, seeks fees of \$300.00/hour and  
17 \$325.00/hour (ECF Docket No. 559).

18 **E. For This Application, Riddell Williams' Average Rate Is \$285.00/Hour For**  
19 **Attorneys and \$277/Hour For All Timekeepers.**

20 In any event, the average rates for Riddell Williams are reasonable. Without  
21 the agreed rate reductions by Messrs. Frasier and Shickich, the average rate would  
22 have been \$330/hour for attorneys only and \$320/hour for all timekeepers. With  
23 these agreed rate reductions, Riddell Williams' average hourly rate was \$317/hour  
24 for attorneys and \$308.00/hour for all timekeepers. Now, with Riddell Williams'  
25 additional \$24,000 fee reduction resulting from resolution of the UST's objection, its  
26 average rate is \$285/hour for attorneys and \$277/hour for all timekeepers.

1 **IV. CONCLUSION**

2 The objections of the Debtor should be overruled and the Application of  
3 Riddell Williams, less the \$24,000.00 reduction to which Riddell Williams has agreed,  
4 should be approved.

5 Dated this 2<sup>nd</sup> day of November, 2005.

6 RIDDELL WILLIAMS P.S.

7 By: /s/ Joseph E. Shickich, Jr.  
8 Joseph E. Shickich, Jr., WSBA No. 8751  
9 Counsel to the Tort Claimants'  
10 Committee  
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