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United States Court of Appeals
Tenth Circuit

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ROBERT L. HOECKER
Clerk

UNITED STATES COURT OF APPEALS

TENTH CIRCUIT

HAROLD EUGENE REYNOLDS, SR., BETTY JEAN REYNOLDS, and MICHAEL A. TAYLOR, Appellants, v. SIDNEY K. SWINSON, Trustee, Appellee.	No. 87-2073 (D.C. No. 86-661-C) (E.D. Okla.)

ORDER AND JUDGMENT*

Before HOLLOWAY, Chief Judge, SETH and SEYMOUR, Circuit Judges.

The debtors, Harold and Betty Reynolds, appeal from the Order of the United States District Court for the Eastern District of Oklahoma, which affirmed in all respects the decision of the bankruptcy court. The bankruptcy court, citing 11 U.S.C. § 329(b), ordered counsel for the debtors to return $8,200 of a $10,000 attorney fee to the bankruptcy estate. The case was submitted without oral argument by order of the court.

*This order and judgment has no precedential value and shall not be cited, or used by any court within the Tenth Circuit, except for purposes of establishing the doctrines of the law of the case, res judicata, or collateral estoppel. 10th Cir. R. 36.3.

On appeal, the debtors first argue that § 329(b) was incorrectly applied in this case because the $10,000 fee was not paid out of the funds of the debtor but instead was paid by an independent third party, Key Energy, Inc. Debtors correctly point out that in order for § 329(b) to apply, the fee must have been paid out of funds that, but for the payment, "would have been property of the estate." 11 U.S.C. § 329(b)(1)(A).

In reaching its decision, the bankruptcy court received into evidence the Statement of Attorneys Compensation filed by debtors as required by 11 U.S.C. § 329(a) and Bankruptcy Rule 2016(b). This statement bore the signature of counsel and revealed that the source of the $10,000 payment was "Debtors' funds on hand." Similarly, in a Statement of Affairs of the Debtors, which requests information on fees paid to attorneys within the preceding twelve months, the reader is simply referred to the § 329(a) statement. The debtors later filed a statement claiming the entire $10,000 fee was paid by Key Energy, Inc., a business allegedly owned by the debtors' daughter.

The issue as to the source of the funds paid to debtors' counsel was not the subject of findings by either the bankruptcy court or the district court. "Findings may be sufficient if they permit a clear understanding of the basis of decision of the trial court, irrespective of their mere form or arrangement." Featherstone v. Barash, 345 F.2d 246, 250 (10th Cir.). See also Mesa Petroleum Co. v. Cities Service Co., 715 F.2d 1425, 1433-34 (10th Cir.), where we held in substance that the absence of specific findings of fact is harmless error where there is no possibility of confusion as to the basis for the judgment appealed from.

Here, there is no possibility of confusion as to the basis for the judgment below. The bankruptcy court acknowledged the conflicting evidence as to the source of the funds and resolved the factual dispute over the source of the fee paid to the debtors' attorney by concluding that the fee was paid out of the funds of the debtor. This conclusion was supported by the evidence.

The debtors also argue that the bankruptcy court and the district court applied the wrong legal standards in deciding that the amount of compensation paid to the debtors' attorney was unreasonably excessive. We disagree. Both courts relied on In re Wilson Foods Corp., 36 B.R. 317 (Bankr. W.D. Okla.), in interpreting the "reasonableness" determination mandated by § 329(b). Wilson Foods notes that "any professional person who intends to seek compensation [from a debtor] must keep meticulous, contemporaneous time records and such records must reveal sufficient data which allow the Court to make an informed judgment regarding the specific task and hours allotted." Id. at 320 (applying the guidelines set out in Ramos v. Lamm, 713 F.2d 546 (10th Cir.), to attorney fee disputes arising in bankruptcy proceedings). Both the bankruptcy court and the district court applied the prevailing legal standards to the facts of this case. The reference by the bankruptcy court to 11 U.S.C. § 330(a)(1) is of no consequence when the determinations of both courts are considered.

The judgment of the district court is AFFIRMED.

Entered for the Court

Oliver Seth
Circuit Judge