

# Ohioan Files Objection to \$1 Million in Akin Gump Billing Fees Charged in FirstEnergy Solutions Case

*Charges Fail Under Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed: A Notice by the Justice Department on 6/13/2013.*

CLEVELAND, OH, UNITED STATES, July 28, 2020 /EINPresswire.com/ -- Ohio Citizen Jeff Barge, a communications consultant based in Cleveland, has filed documents in U.S. Bankruptcy Court in Akron, Ohio objecting to over \$1 million in billing fees that the law firm of Akin Gump has charged in the bankruptcy case in re: FirstEnergy Solutions (Case No. 18-50757).



Tens of millions of dollars that should be going to pay off bankruptcy debts nationwide are going to pay for law firm accounting departments, which have turned themselves into "profit centers."

*Mr. Barge*

Mr. Barge, an Interested Party in the case for the past year, says that the charges for the monthly invoices created for FirstEnergy Solutions are "customary" charges that are not billable under the restrictions of "Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under United States Code by Attorneys in

Large Chapter 11 Cases: A Notice by the Justice Department on 6/13/2013."

Page 7 of those 2013 guidelines states that the following items are not billable :

"f. Routine billing activities: Whether an applicant billed for routine billing activities that typically are not compensable outside of bankruptcy. Most are not compensable because professionals do not charge a client for preparing invoices, even if detailed. Reasonable charges for preparing interim and final fee applications, however, are compensable, because the preparation of a fee application is not required for lawyers practicing in areas other than bankruptcy as a condition of getting paid. Activities that the United States Trustee may object to as non-compensable include are not limited to:

...  
iii. Preparing, reviewing or revising invoices."

In an attached declaration, Mr. Barge argues that the fee examiner in the case is using the wrong standards to allow \$1 million in charges that the Justice Dept. specifically says cannot be paid to

a law firm.

According to invoices filed with the court, Akin Gump was billing from \$40,000 to \$90,000 a month just for submitting its monthly invoice to the court.

"You can buy a house for that much in Akron," notes Mr. Barge.

Mr. Barge's declaration notes that the Fee Examiner in the case, Mr. Don Oliver of Direct Fee Review, explained to him in a telephone conversation that the invoice was so expensive to produce because the attorneys' time had to be billed in eight-minute increments under the billing procedures of the federal bankruptcy courts and that the computer-generated bill was 131 pages long.

However, Mr. Barge claims that Akin Gump has never produced documentation as required by the court and standard accounting practices about how much time was spent creating the bill, by who, when, and at what rate. And such bills are "customary" in the legal profession.

According to Mr. Oliver, says Mr. Barge, it is the practice nationwide of bankruptcy fee examiners not to question the fees for creating invoices if the fee was less than 3% of the total bill for the month, which means these fees go totally unexamined.

"In a large case like this, where Akin Gump's total fee is around \$40 million, that means that \$1.2 million goes totally unexamined by fee examiners. This leaves this billing area ripe for fraud."

Additionally, there is no accounting textbook that states that the cost of creating a bill is typically 3% of the total cost of the project. "That's absurd," says Mr. Barge.

Tens of millions of dollars that should be going to pay off bankruptcy debts nationwide are going to pay for law firm accounting departments, which have turned themselves into "profit centers," according to the legal filing.

The case, *In re: FirstEnergy Solutions Corp. et. Al.*, No 18-50757, is being presided over by Hon. Judge Alan M. Koschik of the United States Bankruptcy Court, Northern District of Ohio, Eastern Division. Mr. Barge is suggesting the practice be examined by the American Bar Association Committee on Bankruptcy Ethics, headed by attorney Rob Charles.

It's unclear how far Mr. Barge's objection will progress. When Mr. Barge made the objection to U.S. Trustee Tiiara Patton, who is supervising the bankruptcy expenses, she did not reply on three occasions over the past year, even though the 2013 Guidelines specifically state that this is her role.

Judge Koschik has thus far made no ruling in regard to the objection.

Since Mr. Barge's original objection, the U.S. Attorney in Columbus has filed racketeering charges against a company, designated "Company A," that funneled \$60 million in bribes to the Speaker of the House of the Ohio Assembly to ensure the passage of a \$1.5 billion consumer-funded bailout of Ohio's nuclear power industry. "Company A" is believed to be FirstEnergy or FirstEnergy Solutions, Akin Gump's client.

At least one Akin Gump senior advisor, Geoffrey Verhoff, was in constant contact with one of the defendants named in that [racketeering case](#), [Juan Cespedes](#), according to [Akin Gump invoices](#) filed for April of 2018 in the bankruptcy case. In addition to his lobbying work for Akin Gump, Mr. Verhoff is also vice chair of the finance committee of the Republican National Committee.

Additionally, Akin Gump seems to have billed the bankruptcy court for all of its lobbying expenses on behalf of FirstEnergy Solutions, which may not be the appropriate entity to pay such non-bankruptcy related bills.

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