

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF UTAH

CENTRAL DIVISION

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IN RE:)	
LIQUID TRANSPORT, INC.)	Bankruptcy No. 82-01715
)	Chapter 11
Debtors.)	

MEMORANDUM DECISION

This is in the matter of the verified application of Russell C. Fericks, former chairman of the creditor's committee of Liquid Transport, Inc.. The application states that Mr. Fericks performed actual necessary services in the administration of the estate requiring 30.9 hours of time for which he seeks the allowance of \$722.50. He also advanced costs in the sum of \$220.48 for which he seeks reimbursement. The costs included telephone charges, postage, xerox copying, and word processing expenses. This application is governed by 11 U.S.C. §503 (b)(3)(D) which states:

"After notice and hearing there shall be allowed, administrative expenses * * * including * * * the actual necessary costs and expenses, * * * incurred by * * * a creditor, * * * or a committee representing creditors * * * other than a committee appointed under Section 1102 of this title, in making a substantial contribution in a case under chapter * * * 11 of this title, * * *." (emphasis added)

The legislative history of §503(b)(3)(D) is partially drawn from §243 of the Bankruptcy Act. That provision allowed compensation of individual creditors for their legitimate expenses. House Report No. 95-595, 95th Cong. 1st Sess. (1977) p. 355.

The basis of reimbursement for expenses of the individual under 11 U.S.C. §503(b)(3)(D) is that the services rendered provide a "substantial contribution" to the case. The policy aim of authorization of such compensation is to promote meaningful creditor participation in the reorganization process. In re National Lock Co., 82 F.2d 600 (7th Cir. 1936).

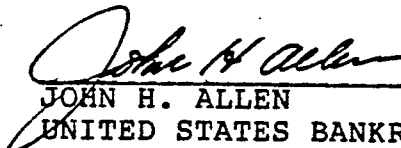
A creditor's reasonable expense incident to performing services benefiting the estate, may be allowed as an administrative expense. 3 Collier on Bankruptcy (15th ed.) Paragraph 503.03.

The verified application of Mr. Fericks outlines in detail his activities in conjunction with this case. In the opinion of the Court, his contribution has significantly expedited and furthered this Chapter 11 proceeding.

Compensation allowed under 503(b)(3)(D) is grounded upon the limitation that the expense be "actual" and "necessary". The costs outlined fit within this category. Accordingly, it is ordered that the application to pay necessary expenses incurred by Mr. Fericks in the sum of \$220.48 is allowed.

While §503(b)(3)(D) does provide for reimbursement of expenses incurred by "a creditor" it does not provide for compensation for services rendered. In the absence of a statutory provision for the allowance of compensation for the time spent performing the services specified by the application, this portion of the application is denied.

DATED: October 7, 1983.



JOHN H. ALLEN
UNITED STATES BANKRUPTCY JUDGE