

**IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION**

FEDERAL TRADE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 14-CV-00815-BCW
)	
BF LABS INC., et al.,)	
)	
Defendants.)	

ORDER

Before the Court are Temporary Receiver Eric L. Johnson’s First, Second, and Final Fee Applications (Docs. #173, #212, and #231). He seeks an order authorizing immediate payment of fees for services and expenses. In support, the Temporary Receiver submits affidavits, billing summaries, and invoices. He also submits, for in camera review, detailed billing statements.

Defendants BF Labs Inc., Darla Drake, and Sonny Vleisides (“Defendants”) object to the Temporary Receiver’s applications. Their principal objection is that the Temporary Receiver should provide the detailed billing statements directly to them so that they can make can specific, line-item objections to duplicative and unreasonable entries. The Temporary Receiver responds that this process is unnecessary, that the Court is an inherent expert in billing, and that providing these statements would disclose attorney-client privileged information.

On March 24, 2015, the Court discussed this issue with the Temporary Receiver and Defendants via teleconference. Based on the discussion, the Court is concerned that Defendants’ proposed process will unnecessarily complicate this matter and potentially reveal attorney-client privileged information. See Hensley v. Eckerhart, 461 U.S. 424, 437 (1983) (noting that “a request for attorney’s fees should not result in a second major litigation”); see also Beavers v. Hobbs, 176 F.R.D. 562, 565 (S.D. Iowa 1997) (recognizing that some billing entries are

privileged). But the Court agrees with Defendants that fairness dictates that they should be able to make specific objections to unreasonable and duplicative billing entries. Therefore, based on these concerns and the applicable law, the Court exercises its discretion and implements the following procedure:

- The Temporary Receiver shall submit billing records with proposed redactions to the Court on or before April 6, 2015. The Temporary Receiver does not need to provide a privilege log or any explanation justifying the proposed redactions.
- The Court will review the proposed redactions to determine whether the redacted material is covered by the attorney-client privilege.
- After completing this review, the Court will provide the redacted billing statements to Defendants.
- Defendants will have ten (10) days to specifically object to unreasonable and duplicative billing entries. The objections are limited to fifteen (15) pages.

After receiving Defendants' objections, if any, the Court will rule on the fee applications.

IT IS SO ORDERED.

DATED: March 25, 2015

/s/Brian C. Wimes
JUDGE BRIAN C. WIMES
UNITED STATES DISTRICT COURT