2019 IL App (1st) 180584-U

Nos. 1-18-0584 & 1-18-0587 (cons.)

Order filed May 2, 2019

Fourth Division

IN THE
APPELLATE COURT OF ILLINOIS
FIRST DISTRICT

NEAL L. WOLF,	)	Appeal from the
	)	Circuit Court of
Plaintiff-Appellant,	)	Cook County
	)	
v.	)	No. 15 L 050717
	)	
SWEPORTS, LTD.,	)	Honorable
	)	Alexander P. White,
Defendant-Appellee.	)	Judge Presiding.

PIERRE BENOIT & ASSOCIATES, INC.,	)	Appeal from the
	)	Circuit Court of
Plaintiff-Appellant,	)	Cook County
	)	
v.	)	No. 15 L 050749
	)	
SWEPORTS, LTD.,	)	Honorable
	)	Alexander P. White,
Defendant-Appellee.	)	Judge Presiding.

JUSTICE BURKE delivered the judgment of the court.
Justices Gordon and Reyes concurred in the judgment.

ORDER

¶ 1 *Held*: We reverse the circuit court's judgment vacating appellants' registrations of their fee awards and remand for further proceedings.

¶ 2 In April 2012, creditors of appellee Sweports, Ltd. (Sweports) filed an involuntary bankruptcy action against Sweports in the United States Bankruptcy Court for the Northern District of Illinois (Bankruptcy Court). The Bankruptcy Court appointed appellant Neal Wolf as counsel for the Official Committee of Unsecured Creditors (the "Committee") and appointed appellant Pierre Benoit & Associates, Inc. (Benoit) as financial advisor for the Committee in connection with Sweports' bankruptcy proceedings. The Bankruptcy Court dismissed Sweports' bankruptcy proceedings and thereafter appellants filed applications for fees. The Bankruptcy Court determined that it lacked subject matter jurisdiction to rule on the fee applications, but the Seventh Circuit reversed and remanded the case for the Bankruptcy Court to determine appellants' fee award. On remand, the Bankruptcy Court entered a fee order setting the amount of appellants' fees (Fee Order).

¶ 3 Appellants separately registered their fee awards in the circuit court of Cook County as foreign judgments against Sweports. Sweports contended that the Fee Order and the registrations should be vacated because the Fee Order did not specify that Sweports was the obligor for the fees. The circuit court granted Sweports' motion to vacate and dismiss the "alleged judgment" and appellants' registrations of the judgment pursuant to sections 2-1203, 2-1301, and 2-1401 of the Illinois Code of Civil Procedure (Code). 735 ILCS 5/2-1203 (West 2014), 735 ILCS 5/2-1301 (West 2014), 735 ILCS 5/2-1401 (West 2014). The circuit court subsequently granted appellants' motions to reconsider and vacated its dismissal of the registrations. While the motions to reconsider were pending, appellants filed motions in the Bankruptcy Court seeking

clarification of the fee order, but the Bankruptcy Court declined to modify the order. Sweports filed a motion to strike the circuit court's grant of appellants' motion for reconsideration. The circuit court granted Sweports' motion and vacated appellants' registrations of the fee order based on its finding that the Bankruptcy Court's Fee Order did not provide which party would pay the fees to appellants and the Bankruptcy Court's repeated refusal to modify its order indicated that it was only intended to determine the amount of appellants' fees. Appellants now appeal contending that the circuit court erred in finding that Sweports was not the obligor for their fees. For the reasons that follow, we reverse the judgment of the circuit court and remand the cause for further proceedings.

¶ 4 I. BACKGROUND

¶ 5 In April 2012, Sweports' creditors filed an involuntary Chapter 11 Petition (11 U.S.C. § 303 (West 2012)) in the Bankruptcy Court. *Sweports, Ltd*., Case No. 12 B 14254 (Bankr. N.D. Ill. 2014). In March 2013, the Bankruptcy Court granted the Committee's motion to appoint Wolf as counsel and Benoit was retained as the Committee's financial advisor. On April 30, 2014, the Bankruptcy Court dismissed Sweports' Chapter 11 proceeding. Months after the case had been dismissed, appellants filed applications for fees. The Bankruptcy Court dismissed both applications for lack of jurisdiction. The court noted that an application for fees, such as the one filed by appellants, is appropriate only where there is a bankruptcy estate. The court found that because the case had been dismissed, there was no longer a bankruptcy estate from which appellants could be paid. *In re Sweports, Ltd.*, 511 B.R. 522 (Bankr. N.D. Ill. 2014).

¶ 6 Appellants appealed the Bankruptcy Court's ruling to the United States Court of Appeals for the Seventh Circuit. In their joint brief before the Seventh Circuit, appellants contended that the "sole issue presented for appeal *** [was] whether the Bankruptcy Court erred in ruling that

it lacked subject matter jurisdiction to consider the" fee applications. The Seventh Circuit reversed the Bankruptcy Court's order finding that the Bankruptcy Court did have jurisdiction to rule on the fee applications and remanded the case for the Bankruptcy Court to rule on the applications. *In re Sweports, Ltd.*, 777 F.3d 364, 368 (7th Cir. 2015), *cert. denied*, S*weports, Ltd. v. Much Shelist, P.C., et al.*, 135 S. Ct. 2811 (2015). In reversing and remanding, the Seventh Circuit found:

> "It's true that with the bankruptcy dismissed the bankruptcy judge could no longer disburse assets of the debtor's estate to anyone; it had no assets; it was defunct. But the judge could determine that Wolf had a valid claim to a fee in the amount he was seeking. Such a ruling would create a debt of Sweports to Wolf, and if Sweports refused (as Wolf expects it would) to pay, he could, like any other creditor, sue Sweports in state court." *Id.* at 366-67.

¶ 7 The Seventh Circuit determined that the Bankruptcy Court could provide Wolf "meaningful relief" by entering an order "that Wolf could take into state court as a basis for obtaining damages from Sweports." *Id.* at 367. The court found that the order entered by the Bankruptcy Court "would merely establish a debt; to collect it [Wolf] will undoubtedly have to initiate a collection suit in state court." *Id.* The Seventh Circuit further found that the mere fact that Wolf did not file his fee application until after the dismissal of the Chapter 11 action did not divest the Bankruptcy Court of jurisdiction to rule on the application. "It merely gave Sweports a shot at a windfall—eliminating, by appealing to a wooden concept of jurisdiction, a debt that it had incurred." *Id.* The Seventh Circuit concluded that Wolf should be entitled to pursue his request for an award in the Bankruptcy Court "(not payment, but a determination of what he is owed)" for his services to the Committee. *Id.* at 368.

¶ 8 On remand from the Seventh Circuit, the Bankruptcy Court entered the Fee Order awarding Wolf $862,312.43 in fees and $6,234.89 in expenses and awarding Benoit $94,158.75 in fees and $1,659.38 in expenses. In so ruling, the Bankruptcy Court rejected Sweports' argument that appellants had failed to meet their burden of establishing their entitlement to the fees. Neither party appealed the Bankruptcy Court's Fee Order.

¶ 9 In October 2015, Appellants registered their fee awards in the circuit court of Cook County as foreign judgments.[1] Sweports filed a motion to "vacate and dismiss plaintiff's alleged judgment and registration of same." In its motion, Sweports contended that the Bankruptcy Court's Fee Order was not a final or enforceable judgment. Sweports further contended that the Bankruptcy Court did not have the authority to "enter any judgment on fees or expenses" in favor of appellants "against Sweports." Sweports contended that the Fee Order was thus void *ab initio* to the extent that it might be construed as a final or enforceable judgment against Sweports. Sweports filed a memorandum in support of its motion in which it contended that the Fee Order was not a final judgment because it did not indicate an obligor or payor for the amounts owed to appellants. Sweports contended that, in the alternative, the Fee Order was void because under section 330(a) of the Chapter 11 Bankruptcy Code (11 U.S.C. § 330(a) (West 2014)), appellants could obtain a fee judgment only from the "Debtor's Estate," and not the "Debtor" (Sweports), which are distinct entities in Chapter 11 bankruptcy proceedings.

¶ 10 In response to Sweports' motion to dismiss, appellants contended that Sweports' motion represented an impermissible collateral attack on the Bankruptcy Court's Fee Order. Appellants

[1] We note that appellants' registrations of the Fee Order were separate actions in the circuit court, but the motions, exhibits, and orders were substantially similar in both cases and the actions have been consolidated in this appeal. Therefore, we will refer to the filings in Wolf's case only, unless otherwise noted.

further contended that the Fee Order was *res judicata* as to their entitlement to fees from Sweports. Appellants asserted that it was unnecessary for the Bankruptcy Court to identify Sweports as the obligor for the fees because bankruptcy courts do not "make it their practice to name the obligor in a final fee order because there is only one party that *could* be the obligor: the bankruptcy estate or, once the bankruptcy is dismissed, the debtor." Appellants contended that the Seventh Circuit's opinion was clear that Sweports was the obligor responsible for appellants' fees in this case.

¶ 11 In February 2016, the circuit court granted Sweports' motion to vacate and dismiss the registration of the Fee Order. In so ruling, the circuit court found that the Bankruptcy Court's Fee Order was unambiguous and could not be "rewritten to [appellants'] liking or to Sweports' prejudice." The court further found that the Bankruptcy Court originally declined to rule on appellants' fee application for lack of jurisdiction. In that ruling, the Bankruptcy Court found that a fee application is appropriate only where the professional is seeking an award payable from the bankruptcy estate. The Bankruptcy Court further found that "[w]hether [appellants] have [a right under non-bankruptcy law to paid from another source] would have to be determined in some other forum." The circuit court found that in their appeal to the Seventh Circuit, appellants solely challenged the Bankruptcy Court's jurisdiction finding, and did not challenge the Bankruptcy Court's ruling "that they could seek fees from Sweports under section 330(a), and/or that they could pursue fees based on non-bankruptcy law in Bankruptcy [C]ourt." The circuit court found that appellants were thereby barred under *res judicata* from any subsequent relitigation of that ruling.

¶ 12 The circuit court found that the Bankruptcy Court had authority only to determine the amount of the fees and did not have jurisdiction to order Sweports to pay the fees. The circuit

court therefore determined that the Fee Order was "void for uncertainty" because it did not provide that it was an enforceable judgment "against Sweports." The circuit court further found that to the extent the Fee Order was entered "against Sweports" it was void *ab initio* because the Seventh Circuit's ruling clearly limited the Bankruptcy Court's judgment to a determination of the amount owed to appellants and not a determination of who was responsible for the payment of the fees. Accordingly, the circuit court granted Sweports' motion to vacate and dismiss appellants' registration of the Fee Order.

¶ 13 Appellants filed a motion for reconsideration of the circuit court's February 2016 judgment. While that motion was pending, appellants returned to Bankruptcy Court in April 2016 and filed a motion to clarify the Bankruptcy Court's Fee Order. In denying the motion, the Bankruptcy Court expressed doubt over whether it had subject matter jurisdiction to alter the Fee Order in the manner appellants sought. Nonetheless, the Bankruptcy Court found that its ruling was clear that the Seventh Circuit remanded the case for the Bankruptcy Court to rule on the fee applications, and the court did so. The Bankruptcy Court stated there was no doubt what the Fee Order meant and the court did "exactly what the Court of Appeals told me to do." The Bankruptcy Court also noted that the circuit court had entered a lengthy judgment and the motion for clarification seemed like an "end run around what he's done." With regard to the circuit court's determination that the Bankruptcy Court's Fee Order was not a judgment, the Bankruptcy Court stated "It's not a judgment against Sweports. It was a fee award. I had fee applications, I granted them. **** You don't enter a judgment on a fee award. **** Whether it's a judgment for state law purposes is what state court judges like Judge White decide." The Bankruptcy Court therefore denied the motion finding that appellants had remedies in state court if they believed the circuit court's judgment was erroneous.

¶ 14 Appellants filed a motion for relief from judgment in the Bankruptcy Court in May 2016 again seeking an order from the Bankruptcy Court that the Fee Order was "meant to be judgment in favor of [Appellants] and against Sweports []." The Bankruptcy Court likewise denied this motion, but stated that it needed to correct some of its comments from the April 2016 hearing. "First, I suggested that the [F]ee [O]rder entered in this case was not a judgment. That was not true." The Bankruptcy Court explained that under Federal Rule of Civil Procedure 54(a), the matter was contested so it was a judgment for purposes of the Federal Rules. Nonetheless, the Bankruptcy Court refused to clarify the Fee Order finding that appellants had remedies in state court.

¶ 15 In September 2016, the circuit court granted appellants' motion to reconsider. In granting the motion, the court found that the Bankruptcy Court's Fee Order represented a final judgment. Sweports filed a motion to reconsider and vacate the circuit court's September 2016 judgment contending that the circuit court erred in relying on the Bankruptcy Court's comments about the Fee Order in April and May 2016. Sweports contended that those comments showed that the Bankruptcy Court denied appellants' motions to "transform" the Fee Order into a judgment "against Sweports" and affirmed Sweports' contention that the Fee Order's failure to designate Sweports as the obligor was not a mistake or oversight. Sweports asserted that the Fee Order, therefore, unambiguously, is not a final or enforceable judgment "*against Sweports*." (Emphasis in original.)

¶ 16 In response, appellants contended that the Seventh Circuit's opinion in *In re Sweports*, clearly showed that the fee award was a debt enforceable against Sweports. Appellants contended that Sweports may not now challenge the ruling of the Seventh Circuit finding that Sweports would be the obligor for their fee awards. Sweports filed a reply to appellants'

response reiterating the arguments in its original motion to vacate. Sweports contended that appellants' arguments regarding the Bankruptcy Court's April and May 2016 rulings were barred by *res judicata* or were impermissible collateral attacks on those judgments.

¶ 17 In January 2017, appellants filed Writs of Execution to the United States Marshal in the Bankruptcy Court seeking to seize corporation stock from the office of Sweports' counsel. In subsequent motions, appellants again sought to establish that the Fee Order represented a final judgment establishing Sweports as the party responsible to pay their fees. The Bankruptcy Court granted Sweports' motion to quash the writs finding that it lacked jurisdiction to entertain appellants' collection proceedings. The Bankruptcy Court determined that in its opinion in *In re Sweports*, the Seventh Circuit expressly found that the Bankruptcy Court did not have jurisdiction to enforce the fee award. The Bankruptcy Court noted that the Seventh Circuit distinguished between the determination of appellants' fees and an order to pay them. Accordingly, the Bankruptcy Court determined that its jurisdiction extended only to determining appellants' compensation and not to ensuring payment.

¶ 18 In March 2017, Sweports filed a motion in the circuit court to strike the Bankruptcy Court's Fee Order, and all of appellants' supplementary proceedings based upon lack of jurisdiction, or, in the alternative, to treat the motion as a sur-reply. In its motion, Sweports contended that the Bankruptcy Court's judgment quashing appellants' Writs of Execution represented the Bankruptcy Court's acknowledgment that it did not have jurisdiction to enter a fee award "against Sweports" and thus its Fee Order was void *ab initio* when treated as such a judgment.

¶ 19 In February 2018, the circuit court entered its final judgment granting Sweports' motion to strike appellants' registration of the Fee Order and all of their supplementary proceedings. In

so ruling, the court found that there is a distinction between a judgment stating that a party is entitled to fees and a judgment ordering that the fees are to be paid by a specific party. The court concluded that:

> "The plain language of the Bankruptcy Court's order provides that Wolf is entitled to fees, but does not provide which party is to pay said fees. [The Bankruptcy Court's] repeated refusals to modify the order indicate that it was intended to do no more the plain language dictates."

Appellants now appeal.

¶ 20 II. ANALYSIS

¶ 21 On appeal, appellants contend that Sweports lacked legal grounds to attack the Bankruptcy Court's Fee Order. Appellants assert that Sweports' motion to vacate the Fee Order represented an impermissible collateral attack on the Fee Order. Appellants also contend that the Fee Order is clear that the fee awards are to be paid by Sweports and the Fee Order is *res judicata* as to appellants' right to receive the fees from Sweports. In their reply brief, appellants maintain that the "sole issue on appeal is whether the federal court judgments ordered by the Seventh Circuit are enforceable judgments entitled to full faith and credit under Illinois law."

¶ 22 A. Standard of Review

¶ 23 Initially, we observe that the parties disagree as to the standard of review to be applied in this case. Somewhat confusingly, in their opening brief before this court, appellants cite the Uniform Enforcement of Foreign Judgments Act (Act) (735 ILCS 5/12-650, *et seq.* (West 2014)) as "735 ILCS 5/1203, *et seq*." and contend that dismissals under that section are reviewed *de novo*. However, "735 ILCS 5/1203, *et seq*." is neither the proper citation for the Act, nor, in fact, is it any Illinois statute. It appears, based on their subsequent arguments, that appellants were

referring to section 2-1203 of the Code. 735 ILCS 5/2-1203 (West 2014). Section 2-1203, however, concerns motions for rehearing, retrial, or modification, or vacation of a judgment after non-jury cases, and is not part of the Act. In this case, Sweports filed its initial motion to vacate appellants' registration of the Fee Order pursuant to sections 2-1203(a) and (b)[2]. 735 ILCS 5/2-1203(a), (b) (West 2014). In their response brief, Sweports latches onto this incorrect citation in contending that the grant or denial of motion under section 2-1203 is reviewed for abuse of discretion.

¶ 24 Without acknowledging the improper citation in their opening brief, in their reply brief appellants correctly identify the proper section in the Code for the Act and contend that our standard of review is premised upon the striking of their registrations of the Fee Order and not upon the "trial court's consideration of the plethora of motions [Sweports] filed seeking to strike the registrations of Appellants' judgment." Appellants contend that the circuit court's vacation of their registrations presents a question of law which we should review *de novo*.

¶ 25 Appellants are correct that our standard of review is controlled by the judgment being appealed from. In this case, Sweports' motion seeking to strike appellants' registrations of the Bankruptcy Court's Fee Order that prompted the circuit court's ultimate ruling was premised upon the Bankruptcy Court's "lack of jurisdiction" to enter an order "against Sweports." In its motion, Sweports did not rely on a particular section of the Code in contending that the registrations should be vacated. In granting Sweports' motion, however, the circuit court cited

[2] Sweports also sought to vacate appellants' registration of the fee order pursuant to section 2-1301 (735 ILCS 5/2-1301 (West 2014)) and 2-1401 (735 ILCS 5/2-1401 (West 2014)) of the Code.

section 12-501 of the Code (735 ILCS 5/12-501 (West 2014)), which concerns the registration of federal court judgments. The circuit court noted that this section is "part of the [Act]."[3]

¶ 26 The Act is intended to implement the full faith and credit clause of the federal constitution and to facilitate interstate enforcement of judgments in a jurisdiction where the judgment debtor is found. *Protein Partners, LLP v. Lincoln Provision, Inc.*, 407 Ill. App. 3d 709, 713 (2010). Once a judgment has been registered in Illinois under the Act, it may be collaterally attacked only on the grounds that:

> "(1) *the rendering court lacked subject matter or personal jurisdiction in the case*, or (2) the foreign judgment was procured by extrinsic fraud, or (3) the judgment has been satisfied or otherwise released, or (4) that the defending party was denied due process of law, or any other ground that would render the judgment invalid or unenforceable."

(Emphasis added.) *Protein Partners*, 407 Ill. App. 3d at 716 (citing *Doctor's Associates, Inc. v. Duree*, 319 Ill. App. 3d 1032, 1040 (2001)). Before the circuit court, Sweports' primary contention was that the Bankruptcy Court did not state in its Fee Order that the judgment was entered "against Sweports," and, in fact, the Bankruptcy Court could not enter such an order because it lacked the jurisdiction to do so. Sweports also made allegations of fraud against appellants. Sweports' motion to strike the Bankruptcy Court's Fee Order, its registration, and all of appellants' supplementary proceedings based on lack of jurisdiction thus could only be a challenge pursuant to the Act and not under section 2-1203 as Sweports contends.

¶ 27 In this case, there was no evidentiary hearing and our review of the circuit court's judgment granting Sweports' motion to strike involves only questions of law. See *Thorson v.*

[3] Although Section 12-501 is not technically part of the Act, the considerations for registering a federal judgment under that section are substantially similar to the considerations for registering a foreign judgment under the Act.

LaSalle National Bank, 303 Ill. App. 3d 711, 714 (1999), and authority cited therein. "The standard of review that applies to issues of law involving the registration of foreign judgments is *de novo*." *Protein Partners*, 407 Ill. App. 3d at 713 (citing *Robillard v. Berends*, 371 Ill. App. 3d 10, 14 (2007)). Accordingly, we will review the circuit court's judgment *de novo*.

¶ 28 B. Registration of a Foreign Judgment

¶ 29 As appellants recognize in their reply brief, the sole issue before us is whether the court erred in striking appellants' registration of the Fee Order as a foreign judgment enforceable against Sweports. Sweports raises several arguments regarding this court's ability to "convert" the Fee Order into a judgment against Sweports and whether its arguments before the circuit court represented impermissible collateral attacks on the Fee Order, but these arguments merely serve to obscure the issue. This is particularly true where the circuit court's final judgment in this case was straightforward and granted Sweports' motion to strike the appellants' registration of the Fee Order on the basis that the Bankruptcy Court did not indicate in the order that the fees awarded to appellants were to be paid by Sweports. As such, the question before us is whether the Bankruptcy Court's failure to designate Sweports as the payor or obligor, and its repeated refusals to modify the Fee Order to indicate as such, prevented appellants from registering the Fee Order as a judgment against Sweports.

¶ 30 1. *Section 330(a) of the United States Code*

¶ 31 At the outset, it is crucial to outline the basis of appellants' fee award. As counsel for the Committee, Wolf was employed pursuant to section 327 of the Bankruptcy Code (11 U.S.C. § 327 (West 2012)). Under section 330 of the Bankruptcy Code, "the court may award to *** a professional person employed under section 327 *** reasonable compensation for actual, necessary services rendered by the *** professional person, or attorney and by any

paraprofessional person employed by any such person, and reimbursement for actual, necessary expenses." 11 U.S.C § 330(a)(1)(A), (B) (West 2012). Benoit, as financial advisor to the Committee, was employed pursuant to section 328 (11 U.S.C § 328 (West 2012)), which is not covered by section 330, but he agreed to have his compensation determined under section 330(a). The reasonable compensation for necessary services and the reimbursement for necessary expenses comprise the professional's fee award. This was the basis for appellants' fee applications before the Bankruptcy Court that ultimately resulted in the Fee Order.

¶ 32 2. *Bankruptcy Estate*

¶ 33 Expenses incurred under section 330(a) are to be paid by the "bankruptcy estate." See *In re McDonald Brothers Construction, Inc.*, 114 B.R. 989, 994 (Bankr. N.D. Ill. 1990). The bankruptcy estate ceases to exists, however, after the dismissal of the bankruptcy proceeding. 11 U.S.C. § 349(b)(3) (West 2012). "Unless the court *** orders otherwise, a dismissal of a case *** revests the property of the estate in the entity in which such property was vested immediately before the commencement of the case under this title." 11 U.S.C. § 349(b)(3) (West 2012). Here, appellants filed their fee applications after the Bankruptcy Court dismissed Sweports' bankruptcy proceeding and thus the bankruptcy estate had already ceased to exist. This prompted the Bankruptcy Court to originally dismiss appellants' fee applications for lack of jurisdiction on the basis that there was no bankruptcy estate before that decision was reversed by the Seventh Circuit.

¶ 34 B. The Circuit Court Erred in Vacating Appellants Registration of the Fee Order

¶ 35 Despite the Seventh Circuit's reversal, however, this statutory construction relied upon by the Bankruptcy Court in its initial ruling is part of the basis of Sweports' contentions that

appellants' registrations of the Fee Order should be vacated. Sweports contends that the Bankruptcy Court's jurisdiction, as conferred by the Seventh Circuit's opinion, extended only to determining the amount of appellants' fee awards and not in ordering Sweports, or anyone else, to pay the fee awards. Indeed, the Seventh Circuit recognized as much in its opinion stating: "It's true that with the bankruptcy dismissed the bankruptcy judge could no longer disburse assets of the debtor's estate to anyone; it had no assets, it was defunct. But the judge could determine that Wolf had a valid claim to a fee in the amount he was seeking." *In re Sweports, Ltd.*, 777 F.3d at 366-67. That is exactly what the Bankruptcy Court found in its Fee Order. It determined that appellants had a valid claim to a fee and it calculated the amount of that fee. "Such a ruling [created] a debt of Sweports to Wolf." *In re Sweports, Ltd.*, 777 F.3d at 367. It was then incumbent upon Wolf, if Sweports refused to pay, to "sue Sweports in state court." *Id.* That it is precisely what appellants did in this case.

¶ 36 Sweports repeatedly emphasizes the Bankruptcy Court's post-Fee Order rulings that it could not modify or clarify the Fee Order as evidence that it is not responsible for appellants' fees. The Bankruptcy Court was correct, however, that the jurisdiction contemplated in the Seventh Circuit's opinion permitted the court to determine the amount of the fee award only. Any other relief appellants sought were state court remedies. The Bankruptcy Court's order created the debt in the amount of the fee awards, but it could not order Sweports to pay the debt. It is thus irrelevant that the Bankruptcy Court's Fee Order did not explicitly say that the fee awards were to be by paid "by Sweports" or that the Fee Order was entered "against Sweports." The Fee Order was entered in connection with Sweport's bankruptcy proceedings to determine the amount of debt that Sweports had incurred during the proceedings. There was no other possible entity that could have been responsible for the fees. If appellants had filed their fee

applications before the dismissal of the bankruptcy proceedings, there is no question that Sweports' bankruptcy estate would be responsible for the fees. Upon the dismissal of the bankruptcy action, that debt would transfer to Sweports. See *In re Salazar*, 2016 WL 7377043 (Bankr. D.N.M.), at 3 ("Further, even though the fee order authorized the bankruptcy estate to pay the allowed fees, it is clear that, after dismissal, the order obligates the debtors to pay the fees.")

¶ 37 Sweports is merely seeking a windfall based on a technical distinction, but as the Seventh Circuit recognized, Wolf's "postponement in filing his request until the bankruptcy was dismissed hurt no one." *In re Sweports, Ltd.*, 777 F.3d at 367. "[T]here's no reason why dismissing the bankruptcy and leaving for later a determination by the bankruptcy judge of how much Sweports owed Wolf should be thought an alternative outside of the judge's jurisdiction." *Id.* at 368. The Seventh Circuit's opinion is thus clear that the Bankruptcy Court's Fee Order created a debt Sweports owed to appellants, and appellants were then required to register that order in state court in order to collect on the fee award. Sweports' numerous filings before the circuit court and the myriad of issues it raises before this court are no doubt an attempt to obscure this rather straightforward ruling by the Seventh Circuit, but the import of the Seventh Circuit's opinion is clear and the Bankruptcy Court's Fee Order is consistent with that ruling. The Fee Order does not need to be "expanded" as the circuit court found to entitle appellants to the fee awards calculated by the Bankruptcy Court in its Fee Order.

¶ 38 We find *Morgan & Bley, Ltd. v. Victoria Group, Inc.*, 2015 WL 2258416 (N.D. Ill.) cited by appellants persuasive. In *Morgan*, Victoria Group (Victoria) was a debtor in a Chapter 11 bankruptcy case. *Morgan*, 2015 WL 2258416 at 1. Morgan & Bley was appointed as counsel for Victoria under 11 U.S.C. §§ 327, 328, and 1107(b). *Id.* Victoria's principal creditor, Northbrook

Bank, claimed that Victoria's bankruptcy was "plagued with problems" and moved to appoint a trustee to manage the debtor's estate. *Id.* Shortly thereafter, Morgan & Bley filed a motion to withdraw as counsel and then filed a final fee petition seeking payment for services rendered to Victoria. *Id.* Before the fee petition was resolved, Northbrook Bank moved to dismiss the bankruptcy action. *Id.* at 2. During the hearing on the motion to dismiss, the bankruptcy court determined that Morgan & Bley's fees were reasonable, but did not want Victoria's payment of the fees to interfere with its ongoing business. *Id.* Accordingly, the bankruptcy court did not want Morgan & Bley's fee award to be a "judgment" so that Morgan & Bley would not be able to do an "end-around" on the court's decision and recover its fees in a manner that affected Victoria's ongoing business. *Id.* The court found that the distinction was irrelevant, however, because "the only reason why Morgan & Bley would need an order approving fees is if it were going to take the money out of the estate. And there is no estate anymore the moment the court dismisses the case." (Internal quotation makes omitted.) *Id.*

¶ 39 Despite the bankruptcy court's statements during the hearing, Morgan & Bley registered the fee order as a judgment against Victoria in the Circuit Court of Cook County. *Id.* Northbrook Bank and Victoria returned to the bankruptcy court seeking to reopen the bankruptcy case and vacate the fee award. *Id.* at 2-3. The bankruptcy court denied the motion finding that the order granting Morgan & Bley's fee application " 'contained no mistake and the award was against the bankruptcy estate, not the Debtor, and the Court did not enter a 'judgment.' ' " *Id.* at 3.

¶ 40 Morgan & Bley appealed that decision to the United States District Court for the Northern District of Illinois. On appeal, the District Court determined that the "critical question" was "whether the second portion of the bankruptcy court's order, which characterized the fee award as something that was not a 'judgment' and that was solely against the now-extinguished

bankruptcy estate, was in error." *Id.* In evaluating Morgan & Bley's claim, the District Court determined that the language of the fee order, and not the bankruptcy court's intent, controlled. *Id.* at 4 (citing *Mendez v. Republic Bank*, 725 F.3d 651, 663 (7th Cir. 2013)). The District Court noted that the text of the fee order stated that Morgan & Bley were "granted final-post petition compensation" of $24,806. *Id.* The District Court determined that the bankruptcy court's refusal to term the award a "judgment" did not change that the order " 'set forth the relief to which the prevailing party is entitled.' " *Id.* (quoting *Paganis v. Blonstein*, 3 F.3d 1067, 1069 (7th Cir. 1993)). The District Court determined that the bankruptcy court's statement that the fee order was not a "judgment" was therefore incorrect. *Id.*

¶ 41 Relying on the Seventh Circuit's decision in *In re Sweports*, the District Court found that the bankruptcy court was also incorrect in finding that the fee award was entered only against the estate, which ceased to exist when the bankruptcy case was dismissed. *Id.* The District Court held that the fee order was therefore a "judgment" enforceable against the debtor, Victoria, despite the bankruptcy court's comments to the contrary. *Id.* at 5. The District Court determined that the bankruptcy court's order finding that the fee order was not a "judgment" and was only entered against the estate, therefore, constituted an impermissible modification of the fee order. *Id.*

¶ 42 Here, the arguments Sweports makes in opposition to appellants' registration of the Fee Order are nearly identical to the arguments rejected by the *Morgan* court. Although the Fee Order here does not specifically state that it is a "judgment" or that it is enforceable "against Sweports" it nonetheless sets forth the relief to which appellants were entitled. It was therefore a judgment. Similarly, Sweports contention that the Fee Order could only be entered against the

bankruptcy estate and not against Sweports, as the debtor, is likewise unfounded. *In re Salazar*, 2016 WL 7377043 (Bankr. D.N.M.), at 3.

¶ 43 The Fee Order here, like the fee order in *Morgan*, is therefore an enforceable judgment entered against the debtor, Sweports, which may be registered against Sweports in state court. We find nothing in the Bankruptcy Court's comments in this case that would preclude this finding. Indeed, the Bankruptcy Court recognized that the Fee Order was a judgment and we are not deterred by the Bankruptcy Court's repeated refusals to "clarify" the Fee Order as the Bankruptcy Court was correct in finding that its jurisdiction was limited to a determination of appellants' fees. Thus, the Fee Order was entered in connection with a Chapter 11 bankruptcy proceeding in which Sweports was the debtor and the language of the Fee Order sets forth the relief to which appellants were entitled. The Fee Order is therefore a judgment creating a debt of Sweports to appellants, which appellants may collect upon by registering the judgment in state court. The circuit court thus erred in vacating appellants' registrations of the Fee Order.

¶ 44 III. CONCLUSION

¶ 45 We therefore reverse the circuit court's judgment and remand the cause for further proceedings consistent with this order.

¶ 46 Reversed and remanded.