

**United States Bankruptcy Court
Northern District of Illinois
Eastern Division**

Transmittal Sheet for Opinions for Publishing and Posting on Website

Will This Opinion be Published: Yes

Bankruptcy Caption: In re Carol A. Chandler

Bankruptcy No. 25 B 00596

Adversary Caption:

Adversary No.

Date of Issuance: July 31, 2025

Judge: Donald R. Cassling

Appearance of Counsel:

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:)	Bankruptcy No. 25 B 00596
)	
CAROL A. CHANDLER,)	Chapter 13
)	
Debtor.)	Judge Donald R. Cassling

ORDER APPROVING AMENDED APPLICATION FOR COMPENSATION (DOCKET NO. 29) AND DENYING MOTION TO IMPOSE CIVIL PENALTY (DOCKET NO. 25)

This matter is before the Court on the motion of the United States Trustee (the “U.S. Trustee”) to examine the fees paid to the attorney, Xiaoming Wu (“Wu”), in his representation of Carol A. Chandler (“Debtor”) pursuant to [11 U.S.C. § 329](#). Wu’s amended application for compensation is also before the Court. The U.S. Trustee seeks to impose a civil penalty against Wu pursuant to [11 U.S.C. § 526](#), award Debtor damages, and enjoin Wu from further violations of Section 526. For the reasons set forth below, the Court will deny the relief sought by the U.S. Trustee.¹

BACKGROUND

Debtor filed her Chapter 13 bankruptcy petition on January 15, 2025, through her attorneys, Wu and his office, Borges & Wu, LLC (“B&W”). On February 6, 2025, Debtor contacted the office of the U.S. Trustee to complain about Wu’s behavior toward her in his representation in her case. (Declaration of Carol A. Chandler, Case No. 25 B 00596, [Dkt. No. 40](#) (“Decl.”), at ¶ 29 & Exh. 7.) In his motion, the U.S. Trustee alleges that (1) Debtor felt bullied by Wu into filing the case, (2) Debtor never understood the consequences of her bankruptcy filing or the Chapter 13 process, (3) Wu failed to be certain that Debtor understood both the consequences of her filing and the bankruptcy process, (4) Debtor suffered needless anxiety because Wu had misled her during the course of his representation of her, (5) Wu failed to act with reasonable promptness on Debtor’s requests to dismiss her case, and (6) Debtor suffered needless anxiety after Wu failed to file her

¹ The Court originally ruled on this matter on July 3, 2025, awarding Debtor damages but denying the remaining relief sought by the U.S. Trustee. (Case No. 25 B 00596, [Dkt. No. 43](#).) Thereafter, Wu filed a motion to alter or amend the judgment, which the Court granted, stating that this new order would be forthcoming. (*Id.*, [Dkt. No. 46](#).)

voluntary motion to dismiss her Chapter 13 case with reasonable promptness. After the parties filed their briefs on the issues, the Court held an evidentiary hearing on May 1, 2025.

Debtor is no stranger either to bankruptcy court or to Wu and his firm, having filed four previous cases under Mr. Wu's representation, the most recent of which resulted in a grant of discharge on March 13, 2023.² Debtor came to Wu and B&W with respect to this newest (and fifth) case on December 3, 2024, complaining that her car loan payment was too high, making it difficult for her to pay her other expenses. (Decl. at ¶ 13; Transcript of Record, May 1, 2025, [Dkt. No. 42](#) ("Tr."), at 10.) On January 8, 2025, she met with Wu's assistant, making a deposit toward the bankruptcy filing fee and completing a B&W client-intake form.³ (Decl. at ¶ 14.) Debtor agreed to pay the remainder of the filing fee on January 15. (*Id.*) During that meeting, Wu's assistant informed Debtor that she was ineligible for a Chapter 13 discharge because she had already received a Chapter 7 discharge from the most recent of her four prior bankruptcy cases, Case No. 22 B 13570, on March 13, 2023. (Decl. at ¶ 12; *see* Case No. 22 B 13570, [Dkt. No. 19](#).⁴) She indicated that she understood that she would not be eligible for a discharge in the current case. (*Id.*, Exh. 1, at ¶ 2; Tr. at 16.)

Debtor later met with Wu on a Zoom call and agreed to pay \$900 per month over a five-year period through a Chapter 13 plan. Wu structured the plan in that way because it would pay 100% of Debtor's general unsecured claims, obviating the need for a Chapter 13 discharge. (Decl. at ¶ 15; Tr. at 10-11, 15-16 & 53.) In short, the evidence establishes that Debtor's aim in filing her case was not to obtain a discharge, but instead to rely upon the automatic stay to stay financially afloat, keep her vehicle, pay her rent, and pay off all of her debts through her Chapter 13 plan. (Tr. at 21.)

² The parties allege that Debtor filed two prior Chapter 13 and two prior Chapter 7 cases through B&W, but a review of this Court's dockets reveals that Debtor had filed one prior Chapter 13 case, Case No. 16 B 32181, and three prior Chapter 7 cases, Case No. 04 B 27366, Case No. 14 B 37213, and Case No. 22 B 13570.

³ Debtor had also completed a form on January 8, 2025, authorizing B&W to arrange for her plan payment to be deducted through payroll control. (Resp., [Dkt. No. 31](#), Exh. D.)

⁴ And, as Wu's assistant cautioned, the Court granted the Chapter 13 Trustee's uncontested motion to object to Debtor's discharge on February 6 pursuant to Section 1328. ([Dkt. No. 19](#)); *see* [11 U.S.C. § 1328\(f\)\(1\)](#) (prohibiting courts from granting discharge where debtor received Chapter 7 discharge within four years preceding Chapter 13 case filing).

This Zoom meeting with Wu was the catalyst for Debtor's first complaints about Wu's treatment of her. She testified that Wu was aggressive and impatient with her during their Zoom meeting, demanding that she agree to a payroll deduction prior to filing her case even though Debtor was aware that she could have made her plan payments through an alternative method. (*Id.* at 23.) Wu admitted at trial that he indeed pressed Debtor to agree to a payroll control order, because one of Debtor's previous Chapter 13 cases had been dismissed for failure to make plan payments, and Wu wanted to prevent that from recurring in this newest case.⁵ (*Id.* at 34-35.)

Debtor testified that, after she agreed to entry of a payroll control order, it was her understanding that her first \$900 plan payment would not be deducted by her employer, the Chicago Transit Authority ("CTA"), from her payroll check until February 15, which was also the date when her first plan payment would become due. (Tr. 25-26 & 31.) However, the payroll control order was filed on January 21, 2025 ([Dkt. No. 13](#)), and the CTA informed Debtor on January 24 that her first partial plan payment for \$415.38 would be deducted from her paycheck dated January 29, 2025, leaving her unable to pay all her monthly expenses for that month. (Decl. at ¶ 21.)

Upset that her first payroll deduction would occur two weeks earlier than she had anticipated, Debtor decided she no longer wanted to be in bankruptcy. She therefore started calling Wu and his firm on January 26 to demand that they file a motion to have her case be dismissed.⁶ (*Id.* at ¶ 21-24 & Exh. Nos. 4 & 5.)

Debtor testified that she spoke with Wu on January 27, and that he told her the Chapter 13 Trustee would dismiss her case without the need for filing a motion to dismiss. (Tr. at 49; Decl. at ¶ 24.) In response to Wu's advice, Debtor immediately called the Trustee's office to get him to file a motion to dismiss but was informed that it was Wu's responsibility to move to dismiss the case when requested. (Tr. at 49; Decl. at ¶ 24-25.)

⁵ Debtor explained that she had lost her job in the previous case, which was something beyond her control. (Tr. at 18.) Debtor's previous job loss resulted in dismissal of her case upon the Trustee's motion after she had fallen behind in making her plan payments. (*Id.* at 20; *see* Case No. 16 B 32181, [Dkt. No. 18](#).)

⁶ She testified that B&W and Wu either did not answer their phones or hung up on her when she called. (Tr. at 50.) So, Debtor sent e-mails to B&W instead. (*Id.*; Decl., Exh. 5.) This testimony is somewhat inconsistent with her further testimony that she and Wu had a conversation regarding her request on the very next day, January 27.

On the very next day, January 28, Wu's firm sent a form to Debtor to complete, giving B&W the authority to move for dismissal of her case. (Decl. at ¶ 26 & Exh. 6.) After receiving the signed form, B&W filed Debtor's motion to dismiss on January 31, but did not set it for presentment until February 27, which is the date on which the Court granted Debtor's motion and dismissed her case. (Dkt. Nos. 15 & 23.) Debtor argued that before the motion was presented the CTA had deducted another \$415 from her February 15 paycheck. (Decl. at ¶ 30.) However, the Chapter 13 Trustee's Final Report and Account filed on May 5, 2025, reflects that only one partial plan payment of \$415.38 had been received over the total life of the case. ([Dkt. No. 41.](#)) Debtor complains that the February payroll deduction was unnecessarily made because Wu did not promptly file the dismissal motion as requested. But the evidence presented does not support her allegation that any additional payroll deduction had been taken.

In addition to changing her mind about her bankruptcy filing, Debtor also changed her mind about keeping her car and now decided to surrender it to the car-loan lender. (*Id.* at 30 & 38-39.) She began calling Wu on January 22 to tell him that. According to Debtor, Wu harshly responded to that request and told her that it was too late to surrender her vehicle. (*Id.* at 30.) She then called the car dealership, who explained to her that they could pick up her vehicle after her case was dismissed, which is in fact what occurred. (*Id.*) Debtor testified that Wu's harsh treatment of her "made [her] feel like [she] was trapped in some kind of nightmare." (Tr. at 51.) "It made [her] afraid to continue to trust his judgment [and] to continue to let him represent her." (*Id.* at 52.)

Wu filed an amended application for compensation in which he seeks \$4,500 in fees under the Court-Approved Retention Agreement, Local Bankruptcy Form 13-8 (the "CARA"), and \$415 in anticipated expenses, less \$390 already paid by Debtor. ([Dkt. No. 29, at 4-5.](#)) In his motion, the U.S. Trustee contends that the Court should disallow Wu's compensation and expense request and order the return of any payments Wu has received. The U.S. Trustee argues that Wu has violated Section 526(a)(2) & (3) of the Bankruptcy Code by (a) counseling Debtor to file a Chapter 13 petition less than three years after receiving a Chapter 7 discharge, (b) misrepresenting to Debtor the date on which her payroll deductions would begin, and (c) failing to inform her that her monthly expenses would actually increase because of the \$900 plan payment. The U.S. Trustee additionally requests that the Court should find that Wu is liable to Debtor for all fees and charges

he received in connection with this case and for failing to act upon Debtor's request to dismiss her case with reasonable promptness. The U.S. Trustee further seeks for Wu to be enjoined from further violations of that section because he has intentionally engaged in a clear and consistent pattern or practice of violating Sections 526 and 528 with respect to his representation of debtors in this and other cases before this Court. *See, e.g., In re Zambrano*, Case No. 22 B 04462, [2022 WL 16646807](#), at *6 (Bankr. N.D. Ill. Nov. 3, 2022) (referring to Wu's "unabated" violations of Section 526, beginning in 2018).

In response, Wu testified that he took every step reasonably available to him to ensure that Debtor understood (a) that there would be no discharge available in this case; (b) that she would not need a discharge under the proposed plan; and (c) the due date for the first plan payment. For example, he required Debtor to read and initial all of the filing documents concerning her bankruptcy case, such as an authorization to have her pay deducted and an acknowledgement that she was ineligible for a Chapter 13 discharge, to avoid misunderstandings. (Tr. at 34 & 64.) He further testified that he had informed Debtor of the date on which the first plan payment would become due under the Bankruptcy Code, which was February 15. Finally, he testified that he had no control over when the first payment would be drafted from her pay under the payroll control order, since that is something that only the CTA has control over. (*Id.* at 27 & 65.)

Wu admitted that he did not file a motion to dismiss Debtor's case immediately when requested or promptly notice it for presentation and that Debtor may have contacted his office several times before B&W eventually filed the voluntary motion to dismiss the case. (*Id.* at 39.) But Wu denies that he was harsh with Debtor or that he raised his voice. (*Id.* at 36.) Instead, he argues that Debtor merely heard the "cold, harsh truth[s]" about her case that perhaps she did not want to hear. (*Id.* at 36-37.)

DISCUSSION

Section 329(b) of the Bankruptcy Code allows a court to examine the reasonable value of services provided by a debtor's attorney to a debtor and to compare that value with the amount the debtor agreed to pay for such services. *See* [11 U.S.C. § 329\(b\)](#); *Matter of Geraci*, [138 F.3d 314, 318](#) (7th Cir. 1998). "If the court determines that the fee charged by the attorney is excessive . . . then it may cancel any compensation agreement between the attorney and his client, or it may order the return of the excessive portion of the fee to the debtor's estate. . . ." *Geraci*,

138 F.3d at 318. The Court looks to Section 330 to determine the reasonableness of fees charged. *In re Julian Svcs. Indus., Inc.*, 220 B.R. 613, 618 (Bankr. N.D. Ill. 1998). “Section 330 provides that a reasonable compensation for services rendered by an attorney is ‘based on the nature, the extent, and the value of such services, the time spent on such services, and the cost of comparable services other than in a case under this title. . . .’” 11 U.S.C. § 330; *In re Wiredyne, Inc.*, 3 F.3d 1125, 1128 (7th Cir. 1993) (quoting 11 U.S.C. § 330). The Court uses its discretion to determine whether fees are unreasonable or excessive by weighing the equities of a given case. *Id.*

Where parties have entered into a fee agreement pursuant to Local Form 13-8, the Court-Approved Retention Agreement (the “CARA”), a debtor’s attorney may apply for and will be presumptively entitled to a flat fee not to exceed (what is now) \$5,500 for Chapter 13 cases. *See In re Carr*, 584 B.R. 268, 285 (Bankr. N.D. Ill. 2018) (referencing previous \$4,000 cap on fee award pursuant to CARA); Local Rule 5082-2(C)(1); Third Amended General Order No. 13-01, May 28, 2025, available at <https://www.ilnb.uscourts.gov/content/general-order-no-13-01-third-amended>. The CARA is designed to encompass legal fees in connection with a debtor’s attorney’s attendance at court hearings on behalf of a debtor, the preparation of necessary bankruptcy case filings, and other matters of representation.

Based on the record before the Court, including the forms signed by Debtor as well as her testimony, the Court finds that the fee request made by Wu in his amended application is appropriate under the circumstances. Debtor executed, signed, and initialed several agreements authorizing B&W to act on her behalf, including the CARA, the payroll authorization, and the agreement regarding her ineligibility to receive a Chapter 13 discharge. Although the work performed on behalf of Debtor did not ultimately lead to the completion of her plan, B&W performed the typical work of a debtor’s attorney, such as filing schedules, a plan, and making court appearances.

The U.S. Trustee contends that Wu filed incomplete and inaccurate documents. However, the case was dismissed so quickly after the initial filing that corrective amendments could have been forthcoming had Debtor continued her case. The Court will not speculate that he would have failed to do so had the case continued. In addition, the U.S. Trustee’s argument that B&W disregarded or misinformed Debtor with respect to when her first payment would be drafted has not been proved by a preponderance of the evidence. The evidence instead establishes that the

first plan payment was due on February 15, but it does not establish that Debtor's employer would wait until that date to make its first payroll deduction. As Wu testified, the date of that deduction was beyond his control. Finally, it is uncontested that B&W acted diligently with respect to the filing of Debtor's payroll control request, which she had authorized prior to the filing of her case.

The Court also disagrees with the U.S. Trustee's position that Wu should be denied his attorney's fees for advising Debtor to file her case because she was ineligible for a discharge. The U.S. Trustee's argument is belied by Debtor's own testimony that she was aware of her ineligibility for a discharge. Given her extensive experience in bankruptcy cases, that testimony is very credible. Moreover, the implicit assumption underlying the U.S. Trustee's argument is that obtaining a discharge is the only valid reason for filing bankruptcy. In fact, although a discharge is typically what debtors seek when filing a case, there are other circumstances that may be beneficial to debtors in filing their cases, such as having breathing room to pay off debts over time. And the Bankruptcy Code accommodates those situations. Under these circumstances, Wu's work is rightly compensable. Therefore, the Court will award Wu's fee application, with one caveat: In accordance with the Court's usual practice, Wu can only be paid out of the amount that was available from Debtor's payments into the estate by the time the case was dismissed. In other words, this award is not a judgment in Wu's favor that he can collect in state court collection proceedings.

However, the Court does conclude that Wu inappropriately delayed noticing for hearing Debtor's voluntary motion to dismiss her case. Section 526(a)(1) provides that a debt relief agency, such as B&W, shall not fail to perform any service it told the assisted person, such as Debtor, it would provide in connection with a bankruptcy case. *See* [11 U.S.C. § 526\(a\)\(1\)](#). The CARA provides that "[t]he lawyer must prepare and file all motions necessary for the case and must represent the debtor on all other motions that affect the debtor's interests." ([Dkt. No. 29](#), Form 13-8, ¶ C.) This includes the timely filing and presentment of a voluntary motion to dismiss Debtor's case under Section 1307(b). [11 U.S.C. § 1307\(b\)](#). In addition, Illinois Rule of Professional Conduct 1.3 requires a lawyer to act with reasonable diligence and promptness in representing a client. Ill. Rules of Prof. Conduct 1.3.

The Court finds that Wu did not act with reasonable promptness with respect to Debtor's request to dismiss her case. First, Wu's advice to Debtor to wait for the Trustee to file a motion to

dismiss ignores that, at the time Debtor made her request, all her requisite documents had been filed, were in order, and Debtor was current on her plan payments due to the payroll control order being in place. As a result, it might have taken the Trustee weeks or months before filing his own motion to dismiss, leading to multiple monthly deductions from Debtor's paycheck. Additionally, B&W had been made aware by Debtor that she had an urgent need to dismiss her case in order to keep up with her other expenses. Accordingly, even though Wu filed a motion to dismiss the case with relative promptness, he should have scheduled it for presentment earlier than he did, even if that required filing the motion as an emergency application.

The Federal Rules of Bankruptcy Procedure provide that a motion to voluntarily dismiss a case under Section 1307(b) requires a notice period of only seven days. *See* [FED. R. BANKR. P. 1017\(f\)\(2\)](#) (motion filed under [11 U.S.C. § 1307\(b\)](#) shall be "served as required by Rule 9013"); [FED. R. BANKR. P. 9013](#) ("motion[s] . . . shall be served . . . within the time determined under Rule 9006(d)") & [FED. R. BANKR. P. 9006\(d\)](#) ("notice of any hearing shall be served not later than seven days before the time specified for such hearing. . . ."). Accordingly, Debtor could have either filed her motion for presentment on February 6 accompanied with a request to shorten the notice period under Rule 9006(d) or on February 13, the next available court date. Instead, presentment of Debtor's motion was delayed for a period of time four times longer than what the Rules require.

The Court rejects Wu's excuse that he does not usually file a motion to dismiss a case as soon as a debtor makes the request because debtors frequently change their minds with respect to such a decision. (*See* Resp., [Dkt. No. 31](#), at 4.) Debtor signed an authorization to dismiss the case on January 28, and it took B&W three days to file its half-page motion to dismiss her case. Wu did not present any valid excuse regarding B&W's three-day delay to file the motion nor any reason as to why the motion was set before the Court almost a month later for hearing.

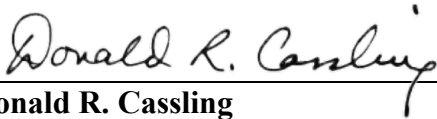
However, this delay did not result in economic harm to the Debtor in this case and the Court is not of the opinion that the delay itself was sufficiently lengthy to justify imposing sanctions upon Wu or B&W beyond the admonitions made in this opinion.

CONCLUSION

For the foregoing reasons, the Court awards Wu's compensation up to the amount available in Debtor's estate at dismissal and denies the relief sought by the U.S. Trustee.

ENTERED:

DATE: July 31, 2025



Donald R. Cassling
United States Bankruptcy Judge