UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO

In re: JERRY OTHA HATTAWAY, Debtor.	Case No. 25-40745-BRW Chapter 13
PHYLLIS D. RONNEBERG, Debtor.	Case No. 25-40112-BRW Chapter 7

SUMMARY ORDER DETERMINING RETURN OF ATTORNEY FEES

Before the Court are two separate Motions to Review Fees and Compel Return of Attorney Compensation (collectively, the "Motions") (Hattaway Doc. No. 44 and Ronneberg Doc. No. 72) both filed by the United States Trustee (the "UST") on January 14, 2026. These motions were separately filed in the cases of Jerry Hattaway and Phyllis Ronneberg (collectively, the "Debtors"). The Court considers these Motions together as the Debtors are married, both obtained Aaron J. Tolson as counsel, or one of his firms, and some payment for their legal services was made jointly. Pursuant to the Motions, the UST seeks review of all fees received by Aaron J. Tolson, Gary Schreiner, and/or Legal Logic and a return of such fees received to the Chapter 7 or 13 Trustee or the party that paid the funds.

The Court conducted a continued hearing on February 26, 2026, with appearances by the UST, Chapter 7 Trustee, and Mr. Schreiner as counsel for Debtor Hattaway. Mr. Hattaway also addressed the Court. During the hearing, all those appearing provided an update as to the status of the Motions and the Court took the Motions under advisement at the conclusion of the hearing. Mr. Tolson did not appear at the continued hearing.

FACTUAL BACKGROUND

Jerry Hattaway and Phyllis Ronneberg are spouses. On February 20, 2025, Aaron Tolson filed a chapter 7 bankruptcy on behalf of Ms. Ronneberg. Ronneberg Doc. No. 1. On October 30, 2024, Ms. Ronneberg signed and entered into a fee agreement with Tolson & Wayment, a law firm owned and operated by Aaron Tolson, to pay $2,500 for legal services. Ronneberg Doc. No. 9. On November 3, 2025, Jerry Hattaway filed a chapter 13 bankruptcy with Mr. Schreiner as attorney of record. Hattaway Doc. No. 1. At the time, Mr. Schreiner was with the firm Legal Logic, which firm was owned and operated by Mr. Tolson. It is undisputed that Mr. Schreiner did not receive any of the fees paid by Mr. Hattaway, rather, Mr. Tolson, or his firm, received those fees.

After concerns were raised regarding attorney compensation in these cases, along with several other cases involving Mr. Tolson, the UST filed the Motions on January 14, 2026. (Hattaway Doc. No. 44 and Ronneberg Doc. No. 72). A telephonic hearing on the Motions was held on February 10, 2026, at which hearing the parties represented to the Court that an issue had arisen as to who paid what amount of the attorney fees paid by both the above-captioned debtors. On the same day but prior to the February 10 hearing, a Stipulation for Order to Return Fees and Vacate Hearing (the "Stipulation") was filed by the UST in the Hattaway Case, which was signed by Mr. Tolson, clarifying the underlying facts regarding compensation to Mr. Tolson by Mr. Hattaway and Ms. Ronneberg. Hattaway Doc. No. 53. That Stipulation, along with comments made at the February 26 hearing indicate that Ms. Ronneberg and Mr. Hattaway were charged together, and collectively paid $8,100 to Legal Logic, Mr. Tolson, or Tolson &

Wayment for the legal services associated with their separate bankruptcies. Of this $8,100, $338 was used to pay the filing fee for Ms. Ronneberg's Chapter 7 case and $406 was used to pay the filing fee for Mr. Hattaway's Chapter 13 case. Additionally, $5,000 of the $8,100 was paid by a Colorado LLC, Conejos Construction Limited, which is associated with the Debtors' daughter. The remainder of the fees were paid collectively by the Debtors.

APPLICABLE LAW AND ANALYSIS

Section 329 of the Bankruptcy Code governs debtor's transactions with attorneys and requires attorneys to disclose the compensation they have received in connection with the representation of a debtor in their bankruptcy case. Such a disclosure is required within 14 days of the commencement of a case. Rule 2016(b). Where an attorney fails to comply with these disclosure requirements, they forfeit their right to receive compensation, and the court may order the return of all fees received. *In re Blackburn*, 448 B.R. 28, 43 (Bankr. D. Idaho 2011).

Under § 329(b) the Code provides that:

> If such compensation exceeds the reasonable value of any such services, the court may cancel any such agreement, or order the return of any such payment, to the extent excessive, to—
>
> (1) the estate if the property transferred—
>
> (A) would have been property of the estate; or
>
> (B) was to be paid by or on behalf of the debtor under a plan under chapter 11, 12, or 13 of this title; <u>or</u>
>
> (2) the entity that made such payment.

11 U.S.C. § 329(b) (emphasis added).

Notably, this section of the Code provides courts with discretion to order the disgorgement of excessive fees to be returned to the bankruptcy estate "or" to the entity that paid them. *See In re Dean*, 401 B.R. 917, 926 (Bankr. D. Idaho 2008) (holding that the court has discretion to order excess fees be refunded to Debtors rather than the bankruptcy estate).

Considering the issues surrounding the disclosure of attorney compensation and amounts of fees received by Mr. Tolson, Legal Logic, or Tolson & Wayment, as discussed in filings on the Court's docket and comments made on the record at the hearings, § 329(b) authorizes this Court to order disgorgement of those fees. Disgorgement of the fees is appropriate in both of these cases. The Debtors collectively paid a total of $8,100 to Mr. Tolson and his entities. The entire amount, excluding the sums paid as filing fees, shall be disgorged pursuant to § 329(b). Since the Debtors' daughter, through an associated LLC, Conejos Construction Limited, paid $5,000 of this fee, pursuant to § 329(b)(2) the Court orders that amount shall be returned to that entity. The remaining sum of $2,356 shall be returned to the Debtors who collectively made such payments. While the UST and the chapter 7 trustee in the Ronneberg bankruptcy have suggested that the Court should order the $2,356 to be returned to the chapter 7 trustee, the Court, in the exercise of its discretion pursuant to § 329(b) declines to so order. Instead, the Court finds under these circumstances and facts that the Debtors in these respective cases should receive the attorney fees paid in order for them to hire replacement counsel, if they choose to do so. This is especially true in the Ronneberg bankruptcy, given the currently pending matters in that case.

CONCLUSION AND ORDER

Based on review of the record, after two hearings on this matter, and considering the stipulation filed by the UST and signed by Mr. Tolson, pursuant to 11 U.S.C. § 329(b), in the exercise of this Court's discretion, and other good cause appearing;

IT IS HEREBY ORDERED:

The entirety of the balance of the attorney fees paid by or on behalf of the Debtors, after subtracting the filing fees as discussed above, shall be refunded by Aaron J. Tolson, individually, Tolson & Wayment, or Legal Logic, as a joint and several obligation, as follows:

a. $5,000 shall be returned to the Colorado LLC associated with the Debtors' daughter, Conejos Construction Limited; and

b. The remaining $2,356 shall be returned to the Debtors.

IT IS HEREBY FURTHER ORDERED that Mr. Tolson, Tolson & Wayment, and/or Legal Logic shall file a notice advising the Court that such payments have been made within a reasonable time after the entry of this Order.

DATED: February 27, 2026

Brent R. Wilson
U.S. Bankruptcy Judge