UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH CAROLINA, COLUMBIA DIVISION

John E. Reese, III v. Daniel L. Hodges; Transform-X, Inc.

Reese · No. 3:22-cv-03645-JDA · Decided February 11, 2026

SUMMARY

The court addresses Plaintiff John E. Reese, III's request for prejudgment interest and legal expenses, including attorney's fees, following judgment as a matter of law on a promissory-note claim against Transform-X, Inc. Applying Arizona law under the Note's choice-of-law provision, the court grants prejudgment interest and denies the request for fees and expenses without prejudice because the application lacks sufficient itemization and detail. The court permits Plaintiff to renew the fee request with a compliant supporting affidavit.

CASE DETAILS

COURT	United States District Court for the District of South Carolina, Columbia Division
WRITING FOR THE COURT	Jacquelyn D. Austin
JURISDICTION	United States District Court for the District of South Carolina
DECIDED	February 11, 2026
DOCKET	3:22-cv-03645-JDA
DISPOSITION	other
PROCEDURAL POSTURE	Following a jury trial, the Court granted Plaintiff's motion for judgment as a matter of law against Transform-X on liability under a promissory note. Plaintiff then moved for prejudgment interest and legal expenses, including attorney's fees.
STANDARD OF REVIEW	The Court assessed the contractual and statutory entitlement to prejudgment interest and attorney's fees under applicable state law and evaluated the sufficiency and reasonableness of Plaintiff's fee application.
PRECEDENTIAL VALUE	Unknown; federal district court opinion and order with no reporter citation.
PARTIES	John E. Reese, III v. Daniel L. Hodges, Transform-X, Inc.

TOPICS

contracts prejudgment interest attorney fees commercial litigation civil procedure

PRACTICE AREAS

contract law commercial litigation remedies civil procedure

QUESTIONS PRESENTED

1. Whether Arizona law governed the award and calculation of prejudgment interest under the Note.
2. Whether Plaintiff was entitled to prejudgment interest at the contractual rate beginning on the Note's maturity date.
3. Whether the Note and Arizona law entitled Plaintiff to recover reasonable attorney's fees and expenses.
4. Whether Plaintiff's fee and expense application contained sufficient detail to permit the Court to determine the reasonableness of the requested amounts.

HOLDINGS

1. Because the Note expressly selected Arizona law, Arizona law governed the contractual issues concerning prejudgment interest and attorney's fees.
2. Plaintiff was entitled to prejudgment interest under the Note at 8% per annum, compounded quarterly, beginning June 11, 2019, the Note's maturity date.
3. Plaintiff was entitled to seek reasonable attorney's fees under the Note and was eligible to seek reasonable fees under Ariz. Rev. Stat. § 12-341.01(A), to the extent the statute did not conflict with the contract.
4. The fee and expense application was insufficient because it did not provide enough detail for the Court to assess the reasonableness of the time and expenses incurred; the request was therefore denied without prejudice.

KEY QUOTATIONS

> *"Accordingly, prejudgment interest began accruing on June 11, 2019, at 8% per annum, compounded quarterly."*

> *"Accordingly, Plaintiff is entitled to reasonable attorney's fees under the terms of the Note and is eligible for reasonable attorney's fees under the Statute."*

> *"Accordingly, the Court denies Plaintiff's request for legal expenses, including attorney's fees, without prejudice to Plaintiff's right to refile his request for legal expenses, including attorney's fees, with sufficient detail for the Court to determine whether the expenses and fees are reasonable."*

FACTUAL BACKGROUND

Transform-X was liable on a promissory note that required interest at 8% per annum, compounded quarterly, beginning on the maturity date until payment. The Note stated that it was governed by Arizona law and required Transform-X to pay costs and reasonable attorney's fees incurred in an action to collect on the Note. The maturity date was June 11, 2019, and Plaintiff submitted a prejudgment-interest calculation that Transform-X did not dispute, while Plaintiff's fee submission grouped hours and expenses by broad periods rather than itemizing the services in sufficient detail.

PROCEDURAL HISTORY

At the conclusion of Defendants' case at trial, the Court granted Plaintiff judgment as a matter of law on Transform-X's liability under the Note. Plaintiff sought prejudgment interest and attorney's fees and expenses. The Court granted prejudgment interest, subject to a later setoff determination and final calculation, but denied the fee and expense request without prejudice and allowed Plaintiff to submit a more detailed application.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand. Plaintiff may refile the request for legal expenses and attorney's fees with a supporting affidavit that itemizes and provides sufficient detail regarding the services, time, fees, and expenses by February 18, 2026. Transform-X may respond by February 25, 2026. The Court will finalize prejudgment interest after Plaintiff reports payments received in connection with the COMSovereign settlement and the Court determines the applicable setoff.

CASES CITED

- United States v. Dollar Rent A Car Sys., Inc., 712 F.2d 938, 940 (4th Cir. 1983)
- Nucor Corp. v. Bell, 482 F. Supp. 2d 714, 728 (D.S.C. 2007)
- Livingston v. Atl. Coast Line R.R. Co., 180 S.E. 343, 345 (S.C. 1935)
- W. Insulation, LP v. Moore, 362 F. App'x 375, 379 (4th Cir. 2010)
- Chase Bank of Ariz. v. Acosta, 880 P.2d 1109, 1121 (Ariz. Ct. App. 1994)
- Am. Power Prods., Inc. v. CSK Auto, Inc., 396 P.3d 600, 604 (Ariz. 2017)
- Schweiger v. China Doll Rest., Inc., 673 P.2d 927, 932 (Ariz. Ct. App. 1983)
- Botto v. Botto, No. 1 CA-CV 16-0770 FC, 2018 WL 1633320, at *3 (Ariz. Ct. App. Apr. 5, 2018)
- Kellin v. Banner Bank, No. 1 CA-CV 18-0356, 2019 WL 1341800, at *6 (Ariz. Ct. App. Mar. 14, 2019)

OPINION

Reese
PER CURIAM.
IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION
John E. Reese, III,) Case No. 3:22-cv-03645-JDA) Plaintiff,))

v.) OPINION AND ORDER

) Daniel L. Hodges; Transform-X, Inc.)) Defendants.) This matter is before the Court on Plaintiff's request for prejudgment interest and legal expenses, including attorney's fees. [Doc. 100.] At the conclusion of Defendants' case at trial, the Court granted Plaintiff's motion for judgment as a matter of law as to his claim against Defendant Transform-X, Inc. ("Transform-X") for liability under a promissory note (the "Note").1 [See Doc. 90.] Plaintiff now seeks prejudgment interest and legal expenses, including attorney's fees. [Doc. 100.] Transform-X filed a response to Plaintiff's request, and Plaintiff filed a reply. [Docs. 101; 103.] The Court addresses prejudgment interest and expenses, including attorney's fees, seriatim. Prejudgment Interest "[S]tate law applies to questions involving prejudgment interest in diversity cases." United States v. Dollar Rent A Car Sys., Inc., 712 F.2d 938, 940 (4th Cir. 1983). "Generally, under South Carolina choice of law principles, if the parties to a contract specify the law under which the contract shall be governed, the court will honor this choice of law." Nucor Corp. v. Bell, 482 F. Supp. 2d 714, 728 (D.S.C. 2007); see Livingston v. 1 During the trial, Transform-X did not dispute its obligation on the Note. Atl. Coast Line R.R. Co., 180 S.E. 343, 345 (S.C. 1935) ("[U]nless there be something intrinsic in, or extrinsic of, the contract that another place of enforcement was intended, the lex loci contractu governs."). In the instant case, the Note indicates that it is "governed, construed and interpreted in accordance with the laws of the State of Arizona." [Doc. 25-2 at 3 ¶ 5.] Under Arizona law, interest on the Note is the rate agreed to. See Ariz. Rev. Stat. § 44-1201(A)(2). The Note provides that, "[b]eginning on the Maturity Date and until the unpaid principal amount is paid to the Holder in its entirety, interest shall accrue on the unpaid principal amount of this Note at a rate of 8% per annum, compounded quarterly." [Doc. 25-2 at 2 ¶ 1.] The Maturity Date was June 11, 2019—180 days from December 13, 2018. [Id.] Accordingly, prejudgment interest began accruing on June 11, 2019, at 8% per annum, compounded quarterly. Plaintiff has submitted a prejudgment interest calculation of $212,477.74 as of February 20, 2025, with a per diem accrual after that date of $45.84 per day. [Doc. 100-1.] Transform-X does not dispute Plaintiff's calculation. [Doc. 101 at 2.] Accordingly, the Court will use this calculation to determine the amount Plaintiff is due under the Note on the date judgment is entered. In a separate Opinion and Order filed contemporaneously herewith, the Court grants Transform-X's motion for setoff and directs Plaintiff to file a status report by February 18, 2026, informing the Court of the amount of all payments he received in connection with the $170,000 promissory note issued as part of his settlement with former Defendant COMSovereign Holding Corp., so that the Court may determine how much Transform-X's damages should be reduced based on that settlement. Once that status report is filed, the Court will finalize its prejudgment interest calculation and enter final judgment to include prejudgment interest. Expenses, Including Attorney's Fees State law also applies to this Court's determination of whether attorney's fees are recoverable and, if so, what amount should be awarded. See W. Insulation, LP v. Moore, 362 F. App'x 375, 379 (4th Cir. 2010) ("As this case is a diversity action based on state contract law, the contract, including its provisions on attorneys' fees, is to be interpreted using state law."). As previously stated, the Note indicates that it is "governed, construed and interpreted in accordance with the laws of the State of Arizona."2 [Doc. 25-2 at 3 ¶ 5.] Arizona law provides that "[a] contractual provision for attorneys' fees will be enforced according to its terms." Chase Bank of Ariz. v. Acosta, 880 P.2d 1109, 1121 (Ariz. Ct. App. 1994). Additionally, Ariz. Rev. Stat. § 12-341.01(A) (the "Statute") provides that, "[i]n any contested action arising out of a contract, . . . the court may award the successful party reasonable attorney fees," and the Statute does not alter[ ], prohibit[ ] or restrict[ ] present or future contracts or statutes that may provide for attorney fees." The Arizona Supreme Court has clarified that the Statute is not supplanted by a contractual fee provision but instead, the Statute applies "to the extent it does not conflict with the contract." Am. Power Prods., Inc. v. CSK Auto, Inc., 396 P.3d 600, 604 (Ariz. 2017). Here, the Note provides that "[i]f action is instituted to collect on this Note, [Transform-X] promises . . . to pay all costs and expenses, including reasonable attorney's fees, incurred in connection with such action." [Doc. 25-2 at 3 ¶ 8.] Accordingly, Plaintiff 2 In their briefing related to Plaintiff's request, neither party addressed Arizona law regarding attorney's fee awards. [See generally Docs. 100; 101; 103.] is entitled to reasonable attorney's fees under the terms of the Note and is eligible for reasonable attorney's fees under the Statute. Transform-X argues that Plaintiff's request and accompanying affidavit fail to itemize the time and labor expended, preventing the Court from ascertaining how much time was spent on establishing liability on the Note and determining whether Plaintiff's requested fees are reasonable. [Doc. 101 at 3, 5.] The Court agrees. Arizona law requires a "fee application [to] be in sufficient detail to enable the court to assess the reasonableness of the time incurred." Schweiger v. China Doll Rest., Inc., 673 P.2d 927, 932 (Ariz. Ct. App. 1983). To that end, the affidavit "should indicate the type of legal services provided, the date the service was provided, the attorney providing the service (if more than one attorney was involved in the [case]), and the time spent in providing the service." Id. Plaintiff's counsel's affidavit/declaration in support of attorney's fees fails to comply with Schweiger's requirements. Instead, it merely includes the total number of hours billed for periods of time, along with counsel's hourly rate for those time periods and any additional expenditures during the same periods: Period Hours Rate$ Expenditures$ Bill$ Notes 4/21/22-5/27/22 13.8 190 180.32 filing fee 2,802.32 9/13/22-11/30/22 12.2 190 773.40 process servers 2,731.40 1/23/23-2/8/23 34.1 190 6,479.00 3/13/23-4/3/23 3.1 190 589.00 1.2hrs.NB 4/12/23-5/15/23 5.4 190 1,026.00 6/27/23-9/13/23 7.7 190 1,463.00 9/18/23-12/5/23 33.5 190 1,326.45 ct.rptr. 7,691.45 3.0hrs.NB 12/15/23-2/5/24 118.9 250 1,066.67 mediator 30,791.67 2.4hrs.NB 2/26/24-4/4/24 26.3 250 6,575.00 0.3hrs.NB 4/22/24-7/12/24 15.1 250 3,775.00 7/18/24-8/9/24 2.1 250 525.00 11/2/24 0.8 250 200.00 12/24/24-1/31/25 41.6 250 10,400.00 0.9hrs.NB 1/31/25-2/6/25 47.3 250 209.01 FedEx and printing 12,034.11 4.2hrs.NB This account does not include time and charges incurred and still being incurred after 2/6/25. TOTALS 361.9 3,555.85 87,082 .95 12.0hrs.NB [Doc. 100-2 at 4 (footnotes omitted).] The Arizona Court of Appeals has vacated an award of attorneys' fees based, at least in part, on the Statute because the fee application "did not provide sufficient detail to satisfy the Schweiger requirements.” Botto v. Botto, No. 1 CA-CV 16-0770 FC, 2018 WL 1633320, at *3 (Ariz. Ct. App. Apr. 5, 2018). Accordingly, the Court denies Plaintiff’s request for legal expenses, including attorney’s fees, without prejudice to Plaintiff’s right to refile his request for legal expenses, including attorney’s fees, with sufficient detail for the Court to determine whether the expenses and fees are reasonable.3 3 The Court notes that it “lacks discretion to refuse to award fees under [a] contractual provision.” Kellin v. Banner Bank, No. 1 CA-CV 18-0356, 2019 WL 1341800, at *6 (Ariz. Ct. App. Mar. 26, 2019) (alteration in original) (internal quotation marks omitted). Accordingly, the Court will allow Plaintiff an opportunity to submit an itemized, detailed fee application that enables the Court “to assess the reasonableness of the time incurred.” Schweiger, 673 P.2d at 932. Additionally, Plaintiff’s expenses likewise should be itemized, detailed, and listed separately from attorney’s fees so that the Court may separately determine the reasonableness of the fees and the reasonableness of the expenses.

CONCLUSION

Based upon the foregoing, the Court GRANTS Plaintiff’s request for prejudgment interest under the Note and DENIES without prejudice Plaintiff’s request for legal expenses, including attorney’s fees. [Doc. 100.] Plaintiff shall refile his request for legal expenses, including attorney’s fees, along with a supporting affidavit that complies with this Opinion and Order, by February 18, 2026. Transform-X may file a response to Plaintiff’s renewed request by February 25, 2026. IT IS SO ORDERED. s/ Jacquelyn D. Austin United States District Judge February 11, 2026 Greenville, South Carolina