Former Nortel workers ask bankruptcy czars to investigate fees paid by estate

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Representatives for disabled ex-Nortel Networks employees have filed a complaint with Canadian and American bankruptcy watchdogs over professional fees paid by the former technology giant's estate.

Topics : **Nortel** , **Office of the Superintendent of Bankruptcy Canada** , **Cleary Gottlieb Steen Hamilton** , **U.S.** , **Ontario** , **Canada**

The complainants have sent letters to the Office of the Superintendent of Bankruptcy Canada and to U.S. Trustee Roberta Deangelis asking for an investigation into the expenses, which they consider "excessive."

They say the now-defunct company's court-appointed monitor, Ernst & Young, failed to rein in the ballooning payments that have "materially reduced" Nortel's assets and the future distribution of cash to its creditors.

More than 100 parties including ex-workers, bondholders, trade creditors and governments are involved in a complex legal battle over the former equipment maker's $9 billion in residual assets.

Efforts to divide up Nortel's creditor claims abruptly ended Thursday when the Ontario judge leading the proceedings concluded that there was no sign of a resolution in sight.

One media outlet has reported that the firm has been billed for $755 million worldwide since the negotiations begun.

According to legal documents, U.S. law firm Cleary Gottlieb Steen & Hamilton LLP, which represented Nortel in mediation, filed $1.25 million in fees in November alone.

At its height in 1999 to 2000, Nortel was worth nearly $300 billion, employed more than 90,000 people worldwide and was regarded as one Canada's most valuable companies.

In 2009, the company filed for bankruptcy in North America and Europe, shedding thousands of jobs.

On Jan. 14, the former top brass at Nortel were acquitted of fraud charges nearly a decade after being accused of falsifying financial records at the beleaguered company.

Ex-CEO Frank Dunn, ex-CFO Douglas Beatty and ex-controller Michael Gollogly had been fired in 2004 and accused of being involved in a book-cooking scheme to trigger $12.8 million in bonuses and stock payments to themselves.

But a judge found the evidence did not support fraud charges against the executives.