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Ex-Nortel staff complain about bankruptcy fees

Published on Sunday January 27, 2013

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A group of long-term disabled former employees of Nortel Networks Corp. has filed a complaint with regulators over what it calls excessive professional fees charged to the estate of the insolvent telecom.

Diane Urquhart, an independent financial analyst working with the group, said four of about 350 ex-employees living on a termination settlement from Nortel sent a letter last week to Bill James, Canada's Superintendent of Bankruptcy, requesting a probe of the fees.

Urquhart said she sent a letter to U.S. trustee Roberta Deangelis calling for an investigative audit of the \$837 million (U.S.) in fees — charges by lawyers, accountants and others during the bankruptcy process — deducted from Nortel's estate in North America and Europe, including about \$244 million in Canada.

She said the actions were taken independent of Nortel pensioners and their legal counsel in Canada, Koskie Minsky LLP.

Professional fees have become a focus in the Nortel bankruptcy after three attempts failed to mediate an agreement on divvying up more than \$9 billion in estate assets.

The latest mediation in Toronto lasted more than a week and included about 100 participants, many of them lawyers for the various stakeholder groups.

Parties including bondholders, Nortel suppliers, pensioners and former employees have filed more than \$20 billion in claims against the estate.

Toronto-based Nortel was North America's largest telecom equipment maker in the late 1990s before the dot-com collapse triggered a plunge in its sales. The company filed for protection from creditors in 2009.