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Big Winners in Nortel's Demise? Lawyers

By *Caroline Van Hasselt*

The real winners to emerge from former Canadian technology icon Nortel Networks Corp.'s sorry demise are the lawyers.

They've made more than a half a *billion* dollars—about \$630 million—from the company's bankruptcy over the past four years, according to data from court filings compiled by Diane Urquhart, a Toronto-based independent financial analyst.

That's a quarter of the amount being claimed in bankruptcy mediation talks in Toronto this week by Nortel's roughly 20,000 former employees in Canada, including pensioners and long-term disabled employees. They're seeking 2.51 billion Canadian dollars (\$2.54 billion) from Nortel, of which C\$85 million is for the long-term disabled. The lawyers have already garnered seven times more than the amount sought by the long-term disabled workers.



Associated Press

All of the ex-employees fall into the unsecured creditor camp, well down on a list that boasts the likes of George Soros's Quantum Partners fund.

Creditor claims from, among others, bondholders, suppliers, governments and former employees around the globe total a staggering \$20 billion. But, with just \$9 billion in cash being all that's left of Canada's once-mighty tech giant, Ontario Chief Justice Warren Winkler is attempting this week to broker a compromise. It's sure to disappoint some.

A resolution can't come soon enough for some Nortel's most disadvantaged. Many of the about 360 Canadian long-term disabled former employees who lost their workplace disability plans in the company's collapse are running out of money, according to Greg McAvoy, a former Nortel employee in Calgary, Alberta, who has multiple sclerosis. "It's been really hard on the disabled," he told Canada Real Time. "We've had some people who have attempted suicide."

According to Ms. Urquhart, who has been helping the Nortel disabled workers in their legal fight, Canadian lawyers involved in the bankruptcy proceedings had reaped close to \$250 million through mid-October, while U.S. lawyers had received \$386 million through November.

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