

Urquhart

Subject: Law360 - Nortel Freed From New Bankruptcy Disclosure Rules For Now March 5, 2013

From: Lawrence Clooney [<mailto:lkclooney@hotmail.com>]
Sent: March-05-13 4:05 PM
To: Diane Urquhart
Subject: Fw: US Trustee Balks At Nortel's Move To Shield Fees - Law360

This is the best I can do!

Lawrence

From: [Lance Duron](#)
Sent: Tuesday, March 05, 2013 3:09 PM
To: [Lawrence Clooney](#)
Subject: Re: US Trustee Balks At Nortel's Move To Shield Fees - Law360

Lawrence:

So sorry, I forgot to get back to you last week. I wrote another article on a Nortel hearing today, so I pasted it into the body of this email. My website caters exclusively to lawyers, so my articles may not be of interest to you (sadly, I rarely have a chance to dig deep into these big bankruptcies and see how they affect employees and other individuals caught up in the mess).

Regards,

Lance Duron

Nortel Freed From New Bankruptcy Disclosure Rules For Now

Nortel Networks Inc. won a temporary pass Tuesday on new Delaware bankruptcy rules requiring retained attorneys to disclose the identity and fees of other professionals they hire, something the defunct telecom said was necessary as it gears up for another round of intense litigation in the case.

In what the parties described as a matter of first impression during a court hearing in Wilmington, U.S. Bankruptcy Judge Kevin Gross approved a limited exception from the rules for the 29 law firms and other professionals retained by Nortel and committees representing various creditors.

Nortel holds that keeping secret the identities and fees of additional experts hired in the case is critical to guarding litigation strategy with an international court battle on the horizon over \$7.3 billion raised in the company's liquidation.

Derek Abbott, who represents Nortel, told the judge that disclosures under new Local Rules 2014-1(c) and 2016-2(f), which apply to both testifying and consulting experts, could tip off adversaries to litigation plans through their timing or by revealing an expert's identity or scope of work.

"The rules are liable, as written, to throw a wrench into the works," he said.

Since seeking court protection in the U.S., Canada and the [U.K.](#) in 2009, Nortel has raised \$9 billion from selling its assets, \$7.3 billion of which is held in escrow and coveted by competing interests including pensioners, bondholders and trade creditors whose claims far exceed the cash pool. In January, mediation over how to divide the spoils failed, raising fears that intractable litigation in several courts around the world will further deplete creditor recoveries.

Nortel's Canadian parent and European affiliates, along with their creditors, who may end up fighting the U.S. unit for a larger share of the cash, do not have similar disclosure requirements in the foreign courts, according to Abid Qureshi, an attorney for Nortel's official committee of unsecured creditors.

"We would be placed at a very real disadvantage relative to our adversaries in the litigation," Qureshi told the judge.

Despite these concerns, the U.S. Trustee objected to Nortel's motion for relief from the local rules last week, saying the company can't get a "blanket exemption." The proposed waiver would undermine transparency and accountability for professional fees demanded by the Bankruptcy Code, according to the objection.

Mark Kenney, an attorney for the U.S. Trustee, stressed at the hearing that disclosure under the rules cannot be waived entirely, only deferred until it will not impact the litigation. He also noted the importance of transparency in a case where the total tab for professionals across the globe is approaching 10 percent of the value of Nortel's entire estate, with the most expensive litigation likely yet to come.

During the hearing, Nortel made changes to the order to address Kenney's concerns, ensuring that the information would eventually be disclosed and that Nortel's unique case would not set a precedent undermining the new rules.

However, Judge Gross left for a later date his decision on exactly how and when it will be safe to disclose information about the supplemental professionals. He also expressed concerns at the hearing that the new rules may be too unwieldy, especially with respect to expert witnesses.

"I think it's a good first crack at this and I will be discussing it with my colleagues," he said.

Nortel is represented in its U.S. bankruptcy by James L. Bromley, Deborah M. Buell and Lisa M. Schweitzer of [Cleary Gottlieb Steen & Hamilton LLP](#) and by Derek C. Abbott, Eric D. Schwartz and Ann C. Cordo of [Morris Nichols Arsht & Tunnell LLP](#).

The creditors committee is represented by Abid Qureshi of [Akin Gump Strauss Hauer & Feld LLP](#).

The U.S. bankruptcy case is In re: Nortel Networks Inc. et al., case No. 1:09-bk-10138, in the U.S. Bankruptcy Court for the District of Delaware.

--Editing by Rebecca Flanagan.

On Thu, Feb 28, 2013 at 10:36 PM, Lawrence Clooney <lkclooney@hotmail.com> wrote:
Lance - I'm a Nortel disabled employee who was sold "toxic" ASO benefits such as my fake "LTD insurance". My current income on CPP disability pension is \$12000. I have no medical and life insurance. I have a 13 year old son wanting for items I can't afford.

I was wondering if you would be so kind to send me the "US Trustee Balks At Nortel's Move To Shield Fees" article along with any other future Nortel articles for free. I would very much appreciate reading your points of view on this insolvency "cash cow" extravaganza.

Respectfully,
Lawrence Clooney

<http://www.law360.com/bankruptcy/articles/419434/us-trustee-balks-at-nortel>

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Lance Duroi

Reporter, DE courts



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860 Broadway, 6th Floor

New York, NY 10003

610-888-1699