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# U.S. Judge Taps Examiner to Review Nortel Professional Fees

By PEG BRICKLEY

With international professional fees for [Nortel Networks](#) Corp.'s bankruptcy topping \$900 million and a multibillion-dollar court fight heating up, a U.S. judge has enlisted outside help to keep an eye on those bills.

Judge Kevin Gross of the U.S. Bankruptcy Court in Wilmington, Del., appointed accounting firm Master, Sidlow & Associates P.A. "to act as special consultant to the court" in looking over the bills coming in from dozens of law firms and other advisers working on Nortel's Chapter 11 case.

An attorney from Nortel's lead U.S. law firm, Cleary Gottlieb Steen & Hamilton LLP, didn't respond to inquiries about the appointment of a fee examiner in the U.S. case, one of several insolvency proceedings for the company taking place around the world.

The law firm has rung up more than \$195 million in billings, most of it fees but also expenses such as meals and limousine service, between Nortel's collapse in January 2009 and April of this year, according to court records.

The appointment of a fee examiner comes midway through the fifth year of the massive international bankruptcy of Nortel, which was once a telecommunications giant and the pride of Canada's technology industry. Now, Nortel is a corporate shell without operations, ringed by bankruptcy professionals who are preparing for a court clash next year over \$7.3 billion raised in the sale of the company's businesses and patents.

According to a tally of international spending on professionals compiled by Diane Urquhart, a financial analyst in Canada, Nortel has paid out \$915 million in the U.S., Canada and the U.K. since filing for protection from creditors.

Most of that money was spent in the U.S. Chapter 11 proceeding, according to Ms. Urquhart's analysis, and for years there has been no sign anyone has questioned the bills from Nortel's professionals. No objections have been filed by the U.S. Trustee Program, the arm of the Justice Department that monitors the bankruptcy courts.

Until recently, there was no fee examiner, or outside professional charged with raking through the invoices for signs of overstaffing or other forms of overcharging.

Master Sidlow's assignment doesn't include going over the back bills in Nortel's case. The accounting firm will begin with invoices from February of this year, according to the order signed by Judge Gross on Wednesday.

For most of the case, Judge Gross routinely signed off on the Nortel bills, noting the absence of objections from others involved in the Chapter 11 proceeding.

In a recent unrelated case, however, U.S. Trustee Roberta A. DeAngelis wrote, "Aside from the U.S. Trustee, parties in interest typically have no motive to object to fee requests."

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