
Hughes Hubbard & Reed

Lehman Team Wins Approval for \$1.89B Creditor Payout

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August 14, 2015 — Hughes Hubbard's Lehman team won court approval to pay approximately \$1.89 billion more to the brokerage's unsecured general creditors, raising their total recovery to \$7.8 billion or 35 percent of what is owed.

At a hearing in Manhattan on Aug. 4, Meaghan Gragg argued the motion for Lehman Brothers Inc. (LBI) Trustee Jim Giddens. U.S. Bankruptcy Judge Shelley Chapman praised the Hughes Hubbard team as she approved a third interim distribution to general creditors.

"To go back to September of 2008, folks believed that customer claims would not be fully paid," she said. "So not only have customer claims been fully paid, but we are now at 35 cents on the dollar...it's an extraordinary accomplishment in most any case, and it's an incredibly extraordinary accomplishment in this case."

Hughes Hubbard began paying back creditors (former employees, pension funds and banks and investment firms with unsecured claims against the brokerage) last summer after repaying in full the brokerage's customers with more than \$106 billion. Giddens requested the third distribution last month.

"This is another great stride in winding down the LBI estate," Giddens said in a statement. "We have already paid far more on allowed unsecured general creditor claims than what was expected at the outset of the liquidation, and we remain focused on resolving outstanding issues so that all remaining available assets can be distributed."

Judge Chapman noted that any criticism of the fees required to wind down the estate is unfounded due to the "tremendous amount of work" the Hughes Hubbard team does.

"In reviewing the fee applications and in seeing you folks come in here week in and week out," she said, "and seeing the level of effort that it takes to resolve even what appears to be the most simple claim in terms of the forensic accounting that's involved, the sophisticated financial securities issues, all the way down to what we would think of as ordinary contract disputes...I think that all concerned deserve a tremendous amount of

congratulations."

The approval made headlines in Dow Jones Newswires and Law360.

In addition to Gragg, Giddens is represented by Jim Kobak, Chris Kiplok and a large team within the firm. The distribution team included Anson Frelinghuysen, Meredith Stead, John Dunn, Paulina Bellantonio, Alex Stamoulis, Dina Hoffer and paralegals Jemma Barbarise and Esme Ricciardi.

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James W. Giddens



Meaghan Gragg



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