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# Hughes Hubbard & Reed

## Lehman Team Meets with the GAO, Delivers Update on Proceedings

### News & Events

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Directors and analysts from the U.S. Government Accountability Office ("GAO"), the Congressional "watchdog agency," recently met with Jim Giddens, members of his Lehman team and a representative from the Securities Investor Protection Corporation ("SIPC") to discuss the GAO's current study of orderly reorganizations and liquidations of financial institutions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed by President Obama last July, mandates the GAO to provide a study, including proposed changes to the U.S. Bankruptcy Code, to Congress by July 2011. The meeting took place at Hughes Hubbard's New York office.

Drawing on his experiences as Trustee for the liquidation of Lehman Brothers Inc. ("LBI"), Giddens stressed to the GAO that statutorily protected classes like customers in broker-dealer liquidations should receive special protection consistent with their regulatory treatment. As trustee, Giddens has resolved more than 110,000 claims to date, aggregating in excess of \$92.3 billion, through account transfers to solvent broker-dealers pursuant to the Securities Investor Protection Act and U.S. Bankruptcy Court orders.

A subtopic of the GAO's study is the limits of international coordination during a cross-border bankruptcy or insolvency for a financial company. Giddens described how he and his team interact daily with the administrators overseeing the 76 separate Lehman insolvency proceedings worldwide. He also discussed his role as a signatory to an international protocol with certain Lehman affiliates.

The GAO's study is one of many in connection with the 2008 global economic crisis. Giddens is also a member of the SIPC Modernization Task Force, a 13-member group formed by SIPC. The task force will help perform a full-scale review of the operations of SIPC, which has not been the focus of major new legislation in 30 years. The task force will make recommendations to Congress for reforms and improvements that will better protect investors and reinforce confidence in worldwide capital markets.

In addition to this meeting with the GAO, Giddens, along with Jim Kobak and Chris Kiplok and others on the Lehman team, regularly meet with the SEC, the Commodities Futures Trading Commission ("CFTC") and the Financial Industry Regulatory Authority ("FINRA") and have consulted with the Federal Reserve Bank of New York and the British Financial Services Authority.

In addition to Giddens, Jim Kobak, Chris Kiplok, Dan Lubell, Sarah Cave and Jeff Margolin participated in the meeting with the GAO. David Wiltenburg advised on areas of focus for the discussion.

## **Related People**



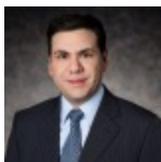
**James W. Giddens**



**James B. Kobak, Jr.**



**Christopher K. Kiplok**



**Jeffrey S. Margolin**



**David Wiltenburg**

## **Related Areas of Focus**

Corporate Reorganization & Bankruptcy.