
Judge Says $178 Million Detroit Bankruptcy Fee Tab 'Reasonable'

(Reuters) – The federal judge who oversaw Detroit's historic bankruptcy case ruled on Thursday that the nearly $178 million charged to the city by law firms and consultants for fees and expenses was reasonable.

U.S. Bankruptcy Court Judge Steven Rhodes said he based his decision mainly on the complexity of the bankruptcy case filed in July 2013 as well as substantial reductions that the firms agreed to make in their bills.

"The city is now on a path to success precisely because of the expertise, skill, commitment, endurance, personal sacrifice, civility and proficiency of all of the professionals in the case, including most certainly those whose fees are subject to review in this opinion," the judge wrote.

The biggest bill in the biggest-ever U.S. municipal bankruptcy came from law firm Jones Day, which had employed Kevyn Orr before he was tapped by Michigan Governor Rick Snyder as Detroit's emergency manager in March 2013. For its role as the city's lead attorney in the case, Jones Day charged $57.9 million. It shaved about $17.7 million off its fees and expenses, according to the judge's order.

Financial advisory firm Miller Buckfire dropped its fee for work on the city's debt restructuring to $22 million from $29.1 million, the order added. Fees from dozens of other firms covered legal, actuarial, consulting and art appraisal services, as well as mediation and court-appointed experts.

Detroit exited bankruptcy on Dec. 10 with a court-approved plan to shed about $7 billion of its $18 billion of debt and obligations.

Rhodes said that the case involved numerous parties and drafts of the debt adjustment plan, a myriad of legal and factual issues, appeals and court-ordered mediation. His order noted that actual fees and expenses totaled $183.2 million and that amount was reduced to $178 million after the state of Michigan covered $5.29 million of the costs.

By REUTERS

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(Reporting by Karen Pierog; Editing by G Crosse and Jonathan Oatis)

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