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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re)	
Lehman Brothers Inc.,)	Adv. No. 08-01420 (SCC) SIPA
)	
Debtor.)	
_____)	

**RECOMMENDATION OF THE
SECURITIES INVESTOR PROTECTION CORPORATION
IN SUPPORT OF THE THIRTY-NINTH APPLICATION OF COUNSEL FOR
INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Hughes Hubbard & Reed (“HHR”), counsel to James W. Giddens, trustee (“Trustee”) for the liquidation of the business of Lehman Brothers Inc. (“Debtor”), has filed its thirty-ninth application for allowance of interim compensation in this liquidation proceeding under the Securities Investor Protection Act, 15 U.S.C. §78aaa et seq. (“SIPA”). The Trustee, a member of HHR, has included his time in the application. Pursuant to section 5(b)(5)(C) of SIPA, 15 U.S.C. §78eee(b)(5)(C), the Securities Investor Protection Corporation (“SIPC”) submits this recommendation in support of the application.

The grounds for this recommendation are as follows:

1. The application involves the period from January 1, 2022 through April 30, 2022. As detailed in the application, HHR rendered various services to the administration of the estate during this time. In the liquidation proceeding, HHR effected the final distribution of \$276 million to allowed general unsecured creditors and the voluntary supplemental distribution of more than \$3.7 million for 1,158 claims to participating claimants. HHR also prepared the papers to obtain court approval for the Trustee to enter into the liquidating trust agreement, transfer estate assets to the liquidating trust, and to transfer funds into administrative escrow. HHR also continued to advance remaining matters toward conclusion. The completion of administration will require HHR to continue to prepare the estate for closure.

2. SIPC, by its staff, has carefully evaluated the application for compensation. This has included analyzing the detailed reports of time spent and services rendered as set forth in the application and the exhibits thereto, together with a review of pleadings and correspondence in this case.

3. In reviewing the application, SIPC considered the requirements and standards for an application set forth in 15 U.S.C. §78eee(b)(5); the relevant sections of the Bankruptcy Code; the Administrative Order re Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases; and the Court's Administrative Fee Order entered in this case. SIPC believes that the application substantially complies with the applicable law, this District's Administrative Order, and the Administrative Fee Order.

4. The application Summary Sheet and detailed report of services attached to the application reflect a total of 2,819.50 hours expended by HHR in the performance of its duties

during the interim period.¹ HHR asserts a reasonable value of services of \$2,703,056.85, for which HHR requests interim allowance. If the Court grants the application, ten percent of the amount – \$270,305.68 – will be held back pending further application. In accordance with the Fourteenth Amended Administrative Fee Order, SIPC has previously authorized, and the Trustee has paid HHR, from non-customer fees on hand, a total of \$2,432,751.17 in fees and \$8,317.22 in expenses incurred.

5. The reasonable value of the services for which HHR seeks an allowance has been reduced significantly, based on consultation with and review by SIPC, from the standard rates HHR charges. At the outset, SIPC requested, and HHR agreed, to reduce the fees it charged in this liquidation proceeding by 10% from HHR's standard rates. This reduction totaled \$300,339.65, for the present interim period. In addition, HHR made further voluntary reductions totaling \$9,307.80 in fees and \$89.95 in expenses. Together, this has resulted in a significant reduction of fees totaling \$309,737.40 during the application period.

6. Generally, SIPC has no objection to the allowance of such interim compensation as the Court may deem appropriate once the liquidation proceeding has progressed to a point where significant work has been performed regarding the customer claims process and other matters in the administration of the estate, and upon consideration of the potential hardship to the applicant. SIPC believes that allowance of the sum requested does not exceed the sum the Court might reasonably award as final compensation for the services rendered. In this liquidation proceeding, HHR continues to make significant progress in liquidating the Debtor's estate, including *inter alia*, distributing the assets of the estate, drafting papers related to the liquidating trust, and

¹ Of this total, 85.30 hours of service were rendered by the Trustee.

continuing otherwise to prepare the estate for closure. Based on the results achieved, SIPC believes HHR's present application is reasonable and appropriate at this time.

7. Section 5(b)(5)(C) of SIPA, 15 U.S.C. §78eee(b)(5)(C), provides that:

Whenever an application for allowances is filed pursuant to subparagraph (B), SIPC shall file its recommendation with respect to such allowances with the court prior to the hearing on such application and shall, if it so requests, be allowed a reasonable time after such hearing within which to file a further recommendation. In any case in which such allowances are to be paid by SIPC without reasonable expectation of recoupment thereof as provided in this chapter and there is no difference between the amounts requested and the amounts recommended by SIPC, the court shall award the amounts recommended by SIPC. *In determining the amount of allowances in all other cases, the court shall give due consideration to the nature, extent, and value of the services rendered, and shall place considerable reliance on the recommendation of SIPC.* [emphasis added].

8. In this proceeding, because allowances for fees will not have to be paid by SIPC, the Court should give due consideration to the nature, extent, and value of the services rendered, and place considerable reliance on SIPC's recommendation.

9. Resolution of the matters set forth in paragraph one above will delay the completion of this proceeding. SIPC respectfully submits that an allowance of interim compensation is appropriate at this time. An interim allowance does not involve a determination as to the actual reasonable value of the services in question. It is merely a payment on account of the final allowance and does not imply that the Court or SIPC has approved the value which Counsel has placed on its services.

WHEREFORE, SIPC respectfully recommends that: (i) interim compensation in the amount of \$2,703,056.85; and (ii) reimbursement of \$8,317.22 in expenses, be allowed at this time.

Respectfully submitted,

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