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Court's Sensible Analysis Saves Banker Fees in Bankruptcy

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“Transaction fees are part of the standard, negotiated base compensation for the investment banker,” held the U.S. Bankruptcy Court for the Southern District of New York on Dec. 16, 2016. *In re Relativity Fashion LLC*, 2016 Bankr. LEXIS 4339, *10 (Bankr. S.D.N.Y. Dec. 16, 2016) (Wiles, B.J.). The court denied objections to the transaction fees sought by two investment bankers, P and H, ruling that the objecting parties (a fee examiner, the debtor and a secured lender) had no right under Bankruptcy Code § 328(a) to challenge the transaction fees. *Id.* at *25. Moreover, said the court, it “had no power to give anyone else [other than the U.S. trustee in this case] the right to assert objections based on [“reasonableness”] standards.” *Id.* In this article, of counsel Michael Cook discusses the court’s opinion in *Relativity Fashion*, which is relevant reading not only for investment bankers and their counsel, but also for lawyers and other business bankruptcy professionals.

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