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Bankruptcy Expenses Soar for Washington Mutual

The expenses that bankrupt Washington Mutual has incurred in the bankruptcy process have exceeded \$100 million. The exact figure through April 30 billed by 26 court-approved professional companies came up to more than \$102.8 million, according to the regulatory filing made by Washington Mutual Inc. (WMI) recently.

Sadly, this huge amount of money will not be going to the now bankrupt mutual fund company's ex-employees or clients who have lost money when it collapsed. Instead, the bulk of the money will go to WMI's many creditors.

The bankruptcy, which has now gone into its 20th month, has been fought over by attorneys from every side. These attorneys are handsomely paid to fight over a company that has insufficient funds. Attorneys representing several contending groups are paid out of the bankruptcy estate from which all claims are reimbursed. The fact is that fees for bankruptcy professionals have gone up by 8 to 10% per annum over the last 10 years. This growth represents four times the rate of inflation.

For example, the estate pays for both WMI's main legal firm which is wants to finish the case quickly and for the legal firm that represents shareholders who want more time to arrange to file lawsuits against federal regulators and JP Morgan Chase. But the biggest chunk of expenses goes to the firm that runs the now defunct WMI, Alvarez & Marsal that was paid \$36 million through March for providing a chief restructuring officer and staff.

As it is, only a small proportion of the WMI bankruptcy money is being spent in the Northwest, more specifically, the law firms Perkins Coie and Davis Wright Tremaine are paid \$1.6 million and \$676,000 respectively whereas the consulting and actuarial firm Milliman's fees come up to only \$27,000.

It is the East Coast firms such as Weil, Gotshal & Manges who represent WMI and Akin, Gump, Strauss, Hauer & Feld who are the attorneys for the unsecured creditors who take the lion's share of the legal fees at \$18.9 million and \$10.3 million respectively. Besides these two big firms

there are also at least three smaller ones giving legal advice on tax law in addition to intellectual property consultants. These top lawyers' fees in the WMI bankruptcy are \$925 an hour.

The total fees and expenses are estimated to hit \$189 million if the bankruptcy continues throughout 2010. An attorney for WMI stated that for every month the bankruptcy process carries on, the debts owed to bondholders grow by \$30 million.

Bankruptcy expenses do not have to cost you an arm and a leg if you have the right legal advice. In fact, bankruptcy actually saves you money that you would otherwise have to pay in the form of debts. Call us at (813) 200 4133 to find out more about bankruptcy or visit <http://tampabankruptcy.pro>.