



## U.S. Department of Justice

*Executive Office for United States Trustees*

Office of Research and Planning

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### PRESS RELEASE

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**BANKRUPTCY COURT APPROVES SETTLEMENT  
BETWEEN U.S. TRUSTEE AND JAY ALIX & ASSOCIATES  
ON FEES AND EMPLOYMENT IN CH. 11 CASES**

WASHINGTON, D.C.--The Bankruptcy Court for the District of Delaware yesterday approved a settlement between the United States Trustee and Jay Alix & Associates ("Jay Alix"), under which the turnaround management company agreed to disgorge \$3.25 million in fees and to abide by certain guidelines in seeking to be retained in future Chapter 11 bankruptcy cases, announced Martha Davis, Acting Director of the Executive Office for U.S. Trustees.

The settlement resolves objections made by U.S. Trustee Patricia Staiano to the employment and compensation of Jay Alix in two Chapter 11 cases pending before the Bankruptcy Court for the District of Delaware: In re Harnischfeger Industries Inc., et al. (No. 99-2171) and In re Safety-Kleen Corp., et al. (No. 00-2303).

The protocol for retention in future bankruptcy cases provides:

- Jay Alix and its affiliates agree to serve in a case in only one capacity, i.e., as crisis manager, financial advisor, claims agent/claims administrator, or investor/acquirer.
- Jay Alix will not seek to be retained by a Chapter 11 debtor if Jay Alix serves on the debtor's board of directors, nor will it accept a bankruptcy engagement where a person affiliated with Jay Alix sat on the board of directors within the preceding two years. In addition, Jay Alix will

not serve on a debtor's board of directors while retained by that company in a bankruptcy case.

- If Jay Alix supplies individuals who serve as officers of a Chapter 11 debtor company, those individuals will be retained under 11 U.S.C. § 363, with detailed disclosures of any relationship between Jay Alix and the debtor, creditor, lenders, or others, and will be appointed by and accountable to an independent board of directors.
- If Jay Alix provides non-management advisory services, the firm will apply for retention as a professional under 11 U.S.C. § 327. Once again, the firm will be allowed to serve in only one capacity in any one case.
- Jay Alix's compensation will be reviewed under a reasonableness standard at the end of the case, whether the firm serves as part of management or as a professional.
- Questor, an affiliate of Jay Alix that invests in special situations and troubled companies, will not invest in a debtor for which Jay Alix is engaged while the case is pending and for three years afterward.

The U.S. Trustee Program is a component of the Justice Department that oversees the administration of bankruptcy cases nationwide and intervenes in cases to enforce the bankruptcy laws.

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