

Wanting a Seat at the Table: The Rise of Equity Committees

36TH ANNUAL JAY L. WESTBROOK BANKRUPTCY CONFERENCE
NOVEMBER 16, 2017

CHRIS LOPEZ, WEIL, GOTSHAL & MANGES LLP
KELLI NORFLEET, HAYNES AND BOONE, LLP

Standards for Appointment

Statutory Authority – 11 U.S.C. § 1102

- U.S. Trustee has discretion to appoint equity committee
- On request of a party in interest, a Bankruptcy Court may order appointment of an equity committee “if necessary to assure adequate representation of . . . equity security holders”

Standards for Appointment

In *Pilgrim's Pride*, the Bankruptcy Court identified following factors:

- whether the debtors are likely to prove solvent
- whether equity is adequately represented by stakeholders already at the table
- the complexity of the debtors' cases
- the likely cost to the debtors' estates of an equity committee

In *SandRidge Energy*, the Bankruptcy Court articulated a practical fifth factor:

- whether appointment of an equity committee would add anything to the case

Compensation of Equity Committee Professionals

Official Equity Committee's Professionals

- Paid by debtor's estate
- Fee applications reviewed under section 330(a)

Ad Hoc Equity Committee's Professionals

- Not appointed by the U.S. Trustee or Bankruptcy Court
- Not paid by debtor's estate absent Bankruptcy Court approval (e.g., in connection with restructuring support agreement)
- May also seek a substantial contribution claim under section 503(b)(3)(D)
 - If claim allowed, professional fees incurred allowed under section 503(b)(4)

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: Wanting a Seat at the Table: The Rise of Equity Committees

Also available as part of the eCourse

[2017 Jay L. Westbrook Bankruptcy eConference](#)

First appeared as part of the conference materials for the
36th Annual Jay L. Westbrook Bankruptcy Conference session
"Wanting a Seat at the Table: The Rise of Equity Committees"