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Trustee says Pillsbury should return fees

Pillsbury Winthrop Shaw Pittman is one step closer to being forced to return about \$4 million to a former client.

The Chapter 11 trustee for SonicBlue Inc. filed a statement on Tuesday supporting a November motion, filed by SonicBlue, asking Pillsbury to pay back the fees.

Tuesday's statement took the motion even further. In it, Trustee Dennis J. Connolly suggested that the judge hold off on setting an amount so that other issues such

as interest or even potential damages could be considered.

Pillsbury represented SonicBlue in the company's bankruptcy until a judge kicked the firm off the case in March. The office of the U.S. Trustee also called for the firm to return its fees. The firm was removed because it failed to disclose a 2002 letter in which it promised some SonicBlue investors that they would be repaid in full even if the company went bankrupt. This, it was

argued, biased the firm toward repaying those investors sooner in the bankruptcy proceedings.

"We're grateful that the trustee has adopted and endorsed our position," said Scott McNutt, of the McNutt Law Group, who represents the creditors and filed the November motion.

— Niraj Chokshi



McNutt Law Group LLP
188 The Embarcadero, Ste. 800
San Francisco, CA 94105
Tel: 415-995-8475