

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

IN RE:

Chapter 9

Case No. 13-53846

City of Detroit, Michigan,

Debtor.

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**INTERESTED PARTY DAVID SOLE'S OBJECTION TO DEBTOR'S MOTION FOR  
AN ORDER AUTHORIZING THE DEBTOR TO FILE FEE LETTER UNDER SEAL IN  
CONNECTION WITH THE DEBTOR'S POST-PETITION FINANCING MOTION  
[DOCKET 1521]**

Now comes Interested Party David Sole and for his Objection to Debtor's Motion for an Order Authorizing the Debtor to File Fee Letter under Seal [Docket 1521] states as follows:

1. This is an outrageous motion in which the Emergency Manager and his attorneys have forgotten that they are not representing a corporation, but a public body answerable to its residents.
2. First they are asking this Court to approve financing that pledges 20% of the City of Detroit's income tax revenues, or \$48 million per year, for the first six years after the bankruptcy is concluded, to pay off two banks, Bank of America and UBS.
3. In light of these banks' history, locking the people of the City of Detroit into interest rate swaps which have already deprived its residents of \$250 million from 2008-2013 that could have been used to fund public services and avoid the need for bankruptcy, as well as their history of predatory mortgage lending that helped precipitate the financial crisis in Detroit through the resultant thousands of mortgage foreclosures, the idea that the Emergency Manager has the audacity to bring this "deal" for approval is bad enough.

4. But now the Emergency Manager has the gall to want to keep critical aspects of this deal from the public, specifically fees to be paid to Barclays Bank.
5. Barclays has recently admitted guilt for its role in the LIBOR scandal. (Exhibit 1, attached) The LIBOR index is to be utilized in setting the interest rates to be paid by the City of Detroit is this new “deal”.
6. The Emergency Manager acknowledges that the fee schedule could impact the actual interest rate to be paid on its DIP financing.
7. By keeping the fees under seal, the Emergency Manager is trying to cover up the actual cost of this “deal” to the taxpayers of Detroit.
8. This motion violates the Michigan Freedom of Information Act, MCL 15.231 which provides that “all persons, except those persons incarcerated in state or local correctional facilities, are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and public employees, consistent with this act. The people shall be informed so that they may fully participate in the democratic process.”
9. MCL 15.243 lists exemptions to disclosure by a public body.
10. Section 15.243(i) is the closest exemption to the Emergency Manager’s motion.
11. Section 15.243(i) states: “A bid or proposal by a person to enter into a contract or agreement, until the time for the public opening of bids or proposals, or if a public opening is not to be conducted, until the deadline for submission of bids or proposals has expired.”

12. In the present case, where there evidently was no public bidding and the submission of bids or proposals has expired, as evidenced by the fact the Emergency Manager is presenting a final bid for approval, Section 15.243(i) does not apply.

13. As a result, the complete Barclays bid, including the fees to be paid to Barclays, are subject to disclosure under the law.

WHEREFORE: Interested Party David Sole respectfully requests that the City of Detroit's Motion for an Order Authorizing the Debtor to File Fee Letter under Seal [Docket 1521] be denied.

Respectfully submitted,

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# **EXHIBIT 1**

## Barclays admits Libor scandal 'decimated' trust in banks

Barclays has admitted the public's trust in banks has "been decimated and needs to be rebuilt" as it set out measures aimed at rebuilding its reputation in the wake of Libor rigging.

Britain's second-largest lender said the scandal that saw chief Bob Diamond and chairman Marcus Agius resign showed 'banks need to revisit fundamentally the basis on which they operate, and how they add value to society'

By Jamie Dunkley

7:00AM BST 25 Jul 2012

Announcing the appointment of veteran lawyer-turned-banker Anthony Salz to lead a review of its operations, Britain's second-largest lender on Tuesday said the scandal that saw chief executive Bob Diamond and chairman Marcus Agius resign showed "banks need to revisit fundamentally the basis on which they operate, and how they add value to society".

Describing the "daunting" task ahead of it, Barclays said it needed a culture change that would see it "affirming key values" with "reinforcing mechanisms" to ensure staff behaved appropriately. Alluding to management and pay, it added "visible leadership" and rewards would have to be aligned to these values.

The review will see Mr Salz interview investors, regulators and staff over the coming months and his findings are expected to be published in the spring.

Barclays said it planned to implement the findings of the Salz Review in full.

"Barclays has a real opportunity to use the events of the past weeks to drive a change in its values and practices. I look forward to hearing views on the changes that should be made," Mr Salz said. "I hope that this review will significantly assist Barclays in rebuilding trust and reaffirming its position as one of our leading institutions."

Mr Salz, a former senior partner at Freshfields Bruckhaus Deringer, ended his 30-year career in the legal industry to become an investment banker in 2006. After a battle for his services from several investment banks, Mr Salz plumped for Rothschild.

He has worked on some of Britain's most high-profile deals and his contacts book is said by people who know him to be one of the best in the City. Deals under his belt include the mergers of SmithKline and Beecham and Reed International with Elsevier of the Netherlands.

Sir Michael Rake, Barclays' deputy chairman, said: "Anthony Salz is the ideal individual to lead this review given his standing and experience. He has the full support of the Barclays board, and we will ensure that he has whatever resources necessary at his disposal to make it thorough and far-reaching."

"We expect this work to contribute significantly to the broader change that we intend to bring about to the way in which Barclays operates."

Barclays has already appointed City headhunters to find replacements for both Mr Agius and Mr Diamond.

One of the favoured candidates to become chairman, former Cabinet Secretary Lord Gus O'Donnell, broke his silence on Tuesday in a radio interview, saying he had not been approached by the bank's board or headhunters about the role.

He said that he was currently busy working on a number of different projects amid suggestions he is favoured by board directors at the bank.

How we moderate Our new look

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