

## US hires advisers, Rothschild firm, on auto restructuring

By [Jui Chakravorty](#) and [David Bailey](#)

Global Research, February 08, 2009

[Financial Times](#) 5 February 2009

Region: [USA](#)

Theme: [Global Economy](#)

The US government has retained two law firms with extensive bankruptcy experience and the investment bank Rothschild to advise officials on the taxpayer-backed restructuring of [General Motors](#) and Chrysler, a person with direct knowledge of the work said.

New York law firm Cadwalader, Wickersham & Taft LLP was hired by the US Treasury last month and will consider a range of possibilities for the struggling automakers including the prospect of a bankruptcy funded by the US government, the person said.

Cadwalader is joined by Chicago-based law firm Sonnenschein, Nath & Rosenthal and Rothschild in working with US officials as they prepare to review turnaround plans being readied by the two struggling automakers, the person said.

A spokeswoman for Sonnenschein in Los Angeles confirmed that the firm had been engaged to advise Treasury on "ongoing matters related to the 2008-2009 developments within the US automobile industry."

The lawyers from Sonnenschein who are advising the US government are from the firm's capital markets practice based in New York, the spokeswoman, Melissa Anderson, said.

Representatives for Rothschild, GM, Chrysler and the US Treasury could not be immediately reached for comment. Cadwalader had no comment.

GM and Chrysler executives have previously ruled out a bankruptcy filing, saying that it would quickly spin out of control into a liquidation because buyers would be scared away from purchasing new cars and trucks from a bankrupt automaker.

But some outside analysts have argued that without the threat of bankruptcy, the companies lack the leverage that they need to extract deep concessions from bondholders and the United Auto Workers union.

GM and Chrysler face a Feb. 17 deadline to submit updated restructuring plans to the US government.

GM has been given \$13.4 billion in emergency loans. Chrysler, which has a pending alliance with Italy's [Fiat SpA](#), has been given \$4 billion and is seeking another \$3 billion.

Both companies have until the end of March to demonstrate that they can be made "viable" under the terms of a bailout approved in late December by the Bush administration.

The Obama administration has not yet appointed a "car czar" or other officials who would oversee the restructuring of the cash-strapped auto industry.

Other requests for aid remain pending. [Ford Motor](#) has asked for a \$9 billion line of credit. Auto parts suppliers have asked for government aid that would be either channeled through the car companies or loans that would be provided to them directly.

The original source of this article is [Financial Times](#)

Copyright © [Jui Chakravorty](#) and [David Bailey](#), [Financial Times](#), 2009

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Jui Chakravorty](#)  
and [David Bailey](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long as the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)

[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)