

U.S. Law Firm Sues 26 Capital Acquisition Corp for Unpaid Legal Fees



Updated September 29

Official Statement of 26 Capital

"We take the responsibility to honor the integrity of our SPAC's trust account seriously and are deeply troubled that SRZ has sought to interfere in the timely and orderly liquidation and distribution of investor capital back to its rightful parties.

The court action taken by SRZ to undermine this very well-known and accepted process to advance their own financial interests over the rights of the public investing community must be challenged and defeated. Service providers in the SPAC industry routinely accept the risk that their accumulated legal fees are subordinate to the return of capital to investors, and in most cases, also understand and appreciate that they are only to receive payment for their services upon completion of a successful business combination.

We are committed to protecting the interests and investments of our shareholders and will continue to fight against these unfounded legal actions."

Schulte Roth & Zabel Initiates Legal Action to Recover Over \$1.9 Million.

In a recent development, prominent U.S. law firm Schulte Roth & Zabel has taken legal action against its former client, 26 Capital Acquisition Corp. The firm is seeking the recovery of more than \$1.9 million in unpaid legal fees stemming from 26 Capital's unsuccessful merger attempt with the Philippines' largest casino. Below, we delve into the details of this legal battle.

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Schulte Roth & Zabel's Legal Pursuit

Schulte Roth & Zabel has officially filed a lawsuit in Delaware's Court of Chancery to prevent 26 Capital Acquisition Corp (26 Capital), a Special Purpose Acquisition Company (SPAC), from dissolving without settling its outstanding legal fees. The law firm had previously provided legal counsel to 26 Capital about its ambitious \$2.5 billion SPAC merger endeavor with Okada Manila, an affiliate of Japan's Universal Entertainment (6425.T).

The Court's Prior Ruling

Notably, a Delaware chancery judge made a significant ruling earlier this month, declining to compel Okada Manila to proceed with the merger. This decision was influenced, in part, by disclosure failures identified within the deal. The judge disapproved of 26 Capital's actions, stating that the company had "engaged in conduct that should not be rewarded" by pushing for the merger's completion.

Had the merger been successful, it was projected to generate a substantial \$275 million for the casino.

Schulte Roth & Zabel's Standpoint

In response to the lawsuit, Schulte Roth & Zabel asserted, "The law is clear that we are entitled to the fees we earned for the substantial work we did on behalf of 26 Capital and that 26 Capital cannot redeem investors before it makes provision for the payment of creditors." The law firm is committed to its pursuit of the unpaid legal fees.

26 Capital's Response

Currently, representatives for 26 Capital have not provided an immediate response to requests for comment, leaving their stance on the matter uncertain.

The Impending Dissolution

In a significant turn, 26 Capital recently announced its intention to dissolve entirely. This would involve liquidating its trust account and distributing its assets to its stockholders. If taken, such a course of action would potentially prevent Schulte Roth & Zabel from recovering any unpaid legal fees, further intensifying the legal dispute.

Schulte Roth & Zabel's Dedication

Schulte Roth & Zabel, a law firm with a substantial presence, boasting over 300 lawyers across New York, Washington, D.C., and London, has emphasized the significant investment of time and effort it dedicated to finance and merger-related legal work on behalf of 26 Capital.

This legal battle, pitting the law firm against its former client, 26 Capital Acquisition Corp, is unfolding in the Delaware Chancery Court under the case name Schulte Roth & Zabel LLP v. 26 Capital Acquisition Corp, 2023-0977-Unknown.

Legal Representatives:

- For Schulte Roth & Zabel: Julia Beskin and Harry Davis of Schulte Roth & Zabel; and Andrew Cole of Cole Schotz.

Don't be a silent ninja! Let us know your thoughts in the comment section below.

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