

Bankruptcy Group Of The Year: Weil

By Rick Archer

Law360 (January 25, 2019, 11:51 AM EST) -- Representing some of the most iconic names in U.S. business history and parties in some of the largest bankruptcies of 2018, Weil Gotshal & Manges LLP has yet again earned a place as one of Law360's Bankruptcy Groups of the Year.

"It's frankly been a banner year for our practice group," practice co-chair Ray Schrock said in a phone interview.

One of the firm's most visible cases has been representing 126-year-old, iconic department store chain Sears in the Chapter 11 case it began in October. In January the company accepted a \$5 billion bid from a hedge fund owned by the company's former CEO that is expected to keep 425 stores open and save up to 50,000 jobs nationwide.

"Sears has been a tremendously high-profile matter for the firm," Schrock said. "We've been able to showcase a lot of very strong aspects of the group."

"I don't think there's any restructuring group in the market that has as broad a practice or as broad a market share across that practice," practice co-chair Matt Barr said in the interview.

Both Schrock and Barr said the success could be attributed to having a top-notch restructuring team, which Barr described as "cutting edge" and Schrock said was a "great young group."

"There's a great pride at Weil Gotshal in being a complete restructuring lawyer," Schrock said. "There's a dedication to the craft here that's second to none."

They said the team also has the advantage of the assistance and advice of Weil's top-notch corporate, tax and mergers and acquisition teams, all of them areas that can easily arise over the course of a bankruptcy case.

Among those attorneys it's unusual to find one that's never been involved in a restructuring at some point, Schrock said.

"Many firms have restructuring practices, but in Weil Gotshal restructuring is in the fabric of the firm,"



he said. "Having that body of knowledge, that's not something you can grow in a couple of years, or even a decade."

Barr said the firm's M&A expertise particularly came into play in the February 2018 bankruptcy of Fieldwood Energy, the largest independent operator of oil and gas assets in the Gulf of Mexico. Over the course of the case, the firm equitized \$1.6 billion in debt while at the same time acquiring the deepwater assets of competitor Noble Energy Inc.

"It was a unique transaction," Barr said. "A lot of companies go in to shrink and to reduce their balance sheets. We went in, we shrunk the balance sheet, purchased assets from a third party, and the company came out stronger and larger."

The company handled some of the largest restructuring filings of 2018, helping usher U.S. industrial giant Westinghouse — "a truly massive enterprise that has tens of thousands of employees," Schrock said — out of bankruptcy in August with a \$4.6 billion sale at auction and 100 percent recovery for unsecured creditors; orchestrating bankrupt Japanese airbag maker Takata Corp.'s \$1.6 billion asset sale to Key Safety Systems; and seeing accessory retailer Claire's Stores Inc. out of Chapter 11 in September minus \$1.9 billion of debt.

Rounding out its involvement in the top restructuring cases of the year, the firm represented debt holders and financial sponsors in radio broadcast giant iHeartMedia Inc.'s March Chapter 11 filing.

The firm opened 2019 representing Northern California electrical utility Pacific Gas & Electric as it filed for Chapter 11 and said it expects another active year for both in- and out-of-court restructurings, with Schrock saying that, while it could possibly be a "blip," the firm's pipeline of work is bigger than it was last January.

"There's definitely been an uptick in activity," Barr said. "I think people do believe this will be a busy year."

"In the middle market, we're starting to see stress," Schrock said. "We are starting to see some larger companies have stress in their capital structures as well."

--Editing by Alyssa Miller.