

Bankruptcy Group Of The Year: Weil Gotshal & Manges

By **Nathan Hale**

Law360, Miami (February 2, 2017, 8:31 PM EST) -- From the scale of solar power producer SunEdison's \$16.1 billion Chapter 11 filing to the swift 63-day restructuring of grocer Fairway to the creative solution that saved thousands of jobs at clothing retailer Aeropostale, Weil Gotshal & Manges LLP showed its bankruptcy prowess by many measures last year to earn a seventh consecutive selection to Law360's Practice Groups of the Year.

A pioneer in the field, Weil's business finance and restructuring group has retained its leading position through constant effort to push the envelope and to find, or invent, the best solutions for its clients.

"What our clients care about more than anything is results," said Ray Schrock, who co-chairs the practice group with Gary Holtzer and, as of January, Matt Barr. "You continue to build on your reputation, you continue to hustle in the marketplace, and you continue to remain engaged."



Weil's work in 2016 was impressive just in terms of sheer scale, as the roughly 100-member practice was involved in 10 of the largest bankruptcies of the year, involving a collective \$50 billion in liabilities, according to the firm.

Many of those came in the energy sector, which was hit hard by depressed commodity prices, the foremost being Weil's role as primary counsel for the official committee of unsecured creditors in the Chapter 11 case of SunEdison Inc. which with listed assets of \$20.7 billion and liabilities of \$16.1 billion was the year's largest at the time, the firm said.

On the debtor side, Weil handled multibillion-dollar reorganizations for oil and natural gas companies Halcon Resources Corp. and Breitburn Energy Partners, drilling outfits Vantage Drilling and Paragon Offshore PLC, and industry service providers CHC Group and Basic Energy, orchestrating prepackaged reorganizations in several of those cases.

Other notable creditor-side representations included advising an ad hoc group of unsecured and second-lien holders with more than \$1.1 billion of notes in SandRidge Energy Inc.'s \$4 billion Chapter 11 case and serving as counsel to a group of lenders to oil and gas producer Magnum Hunter.

Weil's activity on both the debtor and creditor sides is in part a product of building upon its preeminence and being the firm that parties "think of first" when involved in a bankruptcy matter, but it also takes a certain quality of work to maintain, Holtzer said.

"In order to do that, it means your clients, particularly on the fund side, have to agree that you may be adverse to them in other matters," Holtzer said. "They know that you're going to bring leadership and rationality to a matter where they would prefer to see you opposite them even though you ordinarily represent them."

And more than just having a reputation of handling the biggest bankruptcies, where Weil really stands out is in its ability to devise unique ways to expedite the restructuring process and use different pieces on the negotiating table to help its clients emerge from financial distress, Holtzer and Schrock said.

"There is always something you can learn and take away from any case, and this last year was no exception," Schrock said.

That approach showed up in several of the energy sector cases, where Weil made use of prepetition negotiations to streamline bankruptcy proceedings and minimize litigation, for both its debtor and creditor clients.

It also was illustrated in several notable cases involving retailers, another hard-hit sector, Schrock and Holtzer said.

In Aeropostale Inc.'s closely watched Chapter 11 case, Weil avoided outright liquidation by pursuing a deal to sell nearly all of the retailer's 800 stores through formation of a joint venture involving Simon Property Group, the mall landlord for many of the company's locations. The results could save 229 stores and more than 10,000 jobs, the firm said.

"It was certainly the first time I've ever seen where the landlords come in and sponsor the brand," Schrock said. "That model you could see being used in subsequent retail restructurings where there's a high common overlap with major landlords."

In the bankruptcy of The Great Atlantic and Pacific Tea Co. Inc., Weil also helped facilitate the sale of hundreds of A&P stores, generating more than \$1 billion to avoid a more extensive "fire sale" and save more than 18,000 jobs, the firm said.

And making use of a prepackaged reorganization plan, Weil helped leading New York supermarket operator Fairway Group Holdings Inc. achieve a "right-sized" balance sheet and emerge from Chapter 11 in just 63 days.

These cases hint at something Holtzer said clients have told him distinguishes the firm in its pitches: what he called "case vision." It is an ability to take very complex matters and quickly distill them down to terms the clients understand from a business standpoint and that can quickly be executed.

"That ability to have that vision is really at the heart of the platform as well. That is really part of the magic of how we practice," he said.

--Editing by Brian Baresch.

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