

Lucky 33: Weil Scores a Bankruptcy Hat Trick

By Brian Baxter
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Kirkland & Ellis has sought to corner the market on debtor-side cases for troubled energy clients, but Weil, Gotshal & Manges snagged roles this week on three other recent Chapter 11 cases of note for teen retailer Aéropostale Inc., helicopter operator CHC Group Ltd. and gourmet grocery chain Fairway Group Holdings Corp.

On Monday, New York-based Aéropostale filed for bankruptcy in Manhattan, citing increased competition from other fast-fashion and online retailers and asking a court for permission to probe lender Sycamore Partners, a private equity firm that bought a \$150 million stake in the company two years ago but now stands accused of pushing Aéropostale into insolvency.

Weil financial restructuring partners Ray Schrock, Jacqueline Marcus and Garrett Fail are advising Aéropostale in its Chapter 11 case, with New York's Togut, Segal & Segal—a firm whose namesake rose to prominence in the bankruptcy of Dewey & LeBoeuf—stepping up as conflicts counsel. Stikeman Elliott is serving as Canadian counsel to the debtor, which owns more than 60 stores north of the U.S. border.

Aéropostale plans to close 41 stores in Canada and 113 in the U.S. in an effort to shore up its bottom line—the company has lost money for 13 consecutive quarters. According to a list of Aéropostale's 20



Aeropostale store and a CHC helicopter

largest unsecured creditors, it owes \$279,677 to Katten Muchin Rosenman, which has done IP work for the retailer.

Legal fees for Stikeman and Togut were not yet available by the time of this story, although Weil noted in its application for employment in the case that it had received more than \$4.4 million from the debtor in the 90 days prior to its bankruptcy. On the date of Aéropostale's Chapter 11 petition, Weil held a \$1.27 million advance retainer payment from its client.

Since 2010, Weil has done legal work for Aéropostale, whose general counsel is Marc Schuback. Billing rates for Weil partners and counsel are listed between \$910 and \$1,350, according to court filings by the firm, while hourly rates for associates range from \$490 to \$885.

Also slipping into bankruptcy Monday in Manhattan was Fairway, a high-end supermarket

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chain struggling from fierce competition in a crowded New York food market and buckling from the strains of overexpansion.

Weil business finance and restructuring partner Matthew Barr and Schrock—a co-chair of the practice after joining the firm from Kirkland in 2014—are counseling Fairway in its bankruptcy case. The hourly rates being charged by Weil lawyers are the same as in the Aéropostale matter, and the firm received roughly \$2.15 million from Fairway in the prelude to its Chapter 11 petition, according to court records. Weil's current retainer for Fairway stands at \$556,915.

Norton Rose Fulbright, which has not yet filed billing statements with the bankruptcy court, is serving as special corporate counsel to Fairway. The company has turned to Curtis, Mallet-Prevost, Colt & Mosle for the role of conflicts counsel in its bankruptcy case. (Weil recently grabbed the Chapter 11 work for Fairway's supermarket rival Great Atlantic & Pacific Tea Co., a grocery chain better known as A&P that wound down its operations late last year as its stores were picked off by competitors.)

Curtis restructuring co-chair Steven Reisman, known for his ties to the hip-hop industry and handing out \$2 bills, is leading a team representing Fairway, which according to court filings has paid the firm a \$100,000 retainer for its services. Curtis partners are billing between \$765 and

\$900 per hour, of counsel at \$660 and associates at rates ranging from \$325 to \$620. Fairway's general counsel is former Cleary Gottlieb Steen & Hamilton associate Nathalie Augustin.

In both the Fairway and Aéropostale Chapter 11 cases, the bankruptcy claims administrator is Prime Clerk LLC, a New York-based outfit founded in 2013 by former Weil bankruptcy partner Shai Waisman, who left the firm in 2011 amid its lucrative role handling the dissolution of Lehman Brothers Holdings Inc.

As for Weil, the firm is also representing Richmond, British Columbia-based CHC, the helicopter company that cited slumping oil prices for its plummet into bankruptcy this week in Dallas. Debevoise & Plimpton is serving as special aircraft counsel to CHC in its Chapter 11 case. Weil bankruptcy partner Stephen Youngman and restructuring co-chair Gary Holtzer have taken the lead for the debtor. Neither firm has yet filed billing statements with the bankruptcy court.

According to BankruptcyData.com, the CHC bankruptcy is one of the top 10 in size filed so far in 2016. Weil's Barr, who is working on the Fairway case, also just picked up the lead role representing an official committee of unsecured creditors in the bankruptcy of solar energy giant SunEdison Inc. Weil declined to comment about its work for its Chapter 11 clients.

