

The Firms Scoring The Most Ch. 15 Work

By Jonathan Randles

Law360, New York (September 28, 2015, 9:18 PM ET) -- A number of big-ticket Chapter 15 petitions were filed in U.S. bankruptcy courts in the first six months of 2015 as foreign companies looked to restructure billions of dollars in debt. Here, Law360 looks at the law firms that managed some of the biggest of these petitions.

Reid Collins & Tsai LLP, White & Case LLP and Linklaters LLP are at the top of Law360's Most Hired Firms Report for having handled some of the largest Chapter 15 petitions that were filed between Jan. 1 and June 30 of this year. Chapter 15, enacted in 2005, offers bankruptcy protection to insolvent foreign companies while they restructure their balance sheets abroad.

Firms Representing Debtors In Chapter 15 Cases Over \$100 Million		
Chapter 15 filings, greater than \$100 million, in first half of 2015.		
Firm	Appearances	Debtors Represented
Allen & Overy	1	NewSat
Blank Rome	1	Daebo International
Brown Rudnick	1	Awal Bank
Linklaters	1	Towergate Finance
Norton Rose Fulbright	1	GASFRAC
Proskauer Rose	2	B. Endeavour Shipping Caledonian Bank
Quinn Emanuel	1	OAS SA
Reid Collins	1	Saad Investments
Sidley Austin	1	Murray Holdings
White & Case	2	Aralco S/A OAS SA
Young Conaway	1	NewSat

In terms of the company's underlying assets, the biggest Chapter 15 petition from this year was handed by the boutique firm Reid Collins, which represented Saad Investments Co. Ltd. SICL is the primary holding company for a number of Saad entities controlled by billionaire Saudi investor Maan Al-Sanea.

The petition, filed in May, was to recognize foreign bankruptcy proceedings in the Cayman Islands where SICL said the center of its main interests, or COMI, is located. SICL alone holds an estimated \$9 billion in assets and \$4.5 billion in liabilities, according to court documents. The Saad Group, meanwhile, has holdings in the Caribbean, Australia, Europe and the Middle East.

U.S. Bankruptcy Judge James Garrity granted SICL recognition in July.

While Chapter 15 is generally used as a defense tool to shield a foreign entity from creditors in the U.S., Reid Collins uses the law to protect legal claims on behalf of a debtor. Founding partner Bill Reid said the firm views Chapter 15 as a “gateway” to representing foreign liquidators in other types of litigation that may emerge from a bankruptcy.

“Our structures allow for the enhancement of foreign estates through judgments against or settlements with wrongdoers, rather than permitting the wrongdoers to benefit from the lack of sufficient estate funding,” Reid said. “We also find that once liquidators work with us, they tend to turn to us even in the case of well funded estates.”

Reid said his firm charges far less than other firms performing the same Chapter 15 work.

“We don't view Chapter 15 as a profit center,” Reid said. “We charge a fixed fee and view it as a segue to representing clients on an alternative fee basis.”

One of the most intriguing Chapter 15 petitions was handled in part by White & Case, which represented Brazilian engineering and construction firm OAS SA. OAS sought Chapter 15 protection to shield the firm from creditor Aurelius Capital Management, which had initiated litigation against the debtor in the U.S.

In the midst of a liquidity crunch, OAS filed for bankruptcy in Brazil in April after the arrest of key executives in a corruption dragnet sweeping Brazil. Prosecutors have implicated OAS and scores of other outfits in a long-running corruption scheme at state-run energy company Petroleo Brasileiro SA, or Petrobras, that has undermined investor confidence in Brazil's developing economy.

OAS' Chapter 15 petition was fiercely contested and complicated when recognition of the provisional liquidation of subsidiary OAS Finance Ltd. in the British Virgin Islands was also sought. The BVI proceedings were initiated by Aurelius and hedge fund sponsor Alden Global Capital.

White & Case also represented Aralco, a Brazilian sugar and ethanol producer that filed for Chapter 15 in February.

The firm declined to comment on Monday.

Linklaters, meanwhile, represented British insurance brokerage Towergate Finance PLC, which successfully petitioned a New York bankruptcy court for Chapter 15 protection **earlier this year** to aid a £1.05 billion (\$1.59 billion) restructuring proposal in the U.K. Towergate's need for restructuring was brought on by unsustainable debt costs and looming regulatory penalties.

Towergate argued that without bankruptcy protection in the U.S. objecting creditors would be free to bring lawsuits against the restructuring proposal. A New York bankruptcy judge granted Towergate Chapter 15 protection in March.

Linklaters partner Aaron Javian said Chapter 15 is an important focus of the firm's restructuring practice and extension of the firm's footprint in Europe and Asia. Javian said Chapter 15 is especially important because there has been a proliferation in Europe of finance instruments governed by New York law. Therefore, gaining protection in the U.S. and Europe is key to a consensual restructuring, he said.

"We see Chapter 15 as a very important part of our global practice," Javian said.

Methodology: Case information on Chapter 15 bankruptcies filed between Jan. 1 and June 30 was provided by New Generation Research unit BankruptcyData.com, and counsel information was verified by Law360 using data from PACER.

--Editing by Jeremy Barker.