Proskauer

Proskauer Advises Ad Hoc Group of Lenders on the Recapitalization of Fusion Connect

January 21, 2022

NEW YORK, January 21, 2022 – Proskauer, a leading international law firm, announced today that it advised an ad hoc group of second-out first lien lenders, consisting of Morgan Stanley Private Credit, Investcorp Credit Management BDC, Inc., and Ellington Management Group (the "ad hoc group of lenders"), in the closing of Fusion Connect's exchange and rights offerings and corporate restructuring transaction. The Proskauer team was led by a cross-practice team of lawyers spanning Restructuring & Bankruptcy, Mergers & Acquisitions, Private Credit, Employee Benefits and Executive Compensation, and Intellectual Property.

As part of the transactions, the ad hoc group of lenders backstopped a $55 million Series A Preferred Equity investment and $250 million of Fusion's second-out first lien debt was converted to equity. Additionally, Fusion's first lien debt facility was refinanced by a new $60 million credit facility. The strategy will provide funding for Fusion Connect's long-term growth strategy, and simultaneously reduces its debt by more than 80 percent.

The equity issuances and recapitalization, led by funds affiliated with or managed by the ad hoc group of lenders, was supported by existing stakeholders, including 100 percent of Fusion Connect's creditors. Following receipt of required regulatory approvals, Morgan Stanley Private Credit will become the majority common stockholder of the company.

The Proskauer team advising the ad hoc group of lenders on this complex restructuring was led by Partner Chad Dale and associate Joshua Esses (Restructuring & Bankruptcy); Partner James Gerkis and associates Guillermo Castellanos and Alec Smith (Mergers & Acquisitions); Partner Steve Boyko and associates Jess Ball and Kathryn Potter (Private Credit); Partner Andrea Rattner and associate Oleg Zakatov (Employee Benefits and Executive Compensation); Partner Martin Hamilton and associate Aaron Lee (Tax); and Partner Wai Choy (IP).

About Proskauer

We are 800+ lawyers serving clients from 12 offices located in the leading financial and business centers in the Americas, Europe and Asia. The world's leading organizations, companies and corporations choose us to be their representatives in their most critical situations. But more, they consider Proskauer a strategic partner to drive their business forward. We work with asset managers, major sports leagues, Fortune 500 companies, entertainment industry legends and other industry-redefining companies.

Related Professionals

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