Proskauer

Proskauer Achieves “Unprecedented” Recovery for Unsecured Creditors in Chapter 11 Bankruptcy of Wellpath Holdings

May 16, 2025

NEW YORK, May 16, 2025 – Proskauer, a leading international law firm, is pleased to announce its successful representation of the statutory unsecured claimholders’ committee (the “Committee”) in the Chapter 11 bankruptcy case of Wellpath Holdings, Inc. (“Wellpath”) and its affiliates.

When Proskauer was retained to represent the Committee along with Stinson LLP, Wellpath proposed to pay unsecured creditors less than 1.0% on account of their claims, based on a prepetition restructuring agreement with its secured lenders. These terms were later incorporated into the first proposed Chapter 11 plan. Following extensive negotiations and motion practice with Wellpath and other parties in interest, Proskauer and the Committee’s other professionals obtained a comprehensive global settlement that could pay general unsecured claimholders greater than 50% recoveries on account of their claims.

As amended, the plan provides unsecured creditors with a share of (i) $15.5 million in cash, (ii) $10 million in first lien secured debt, and (iii) 33.3% of the equity in the reorganized company. Additionally, unsecured creditors will be entitled to receive the proceeds of all claims and causes of action not retained by the reorganized company, allowing for further potential recoveries. The first lien lenders also waived their deficiency claim of approximately $150 million, further boosting unsecured creditor recoveries. The substantial increase in consideration represents a remarkable improvement from the initial offer. Commenting on the potential recoveries of over 50%, Judge Perez stated “we ended up from a recovery standpoint at a place where I never thought we were going to end up at the beginning of the case…that’s in my mind an unprecedented result.”

The Proskauer team was led by partners Ehud Barak, Daniel Desatnik, Brian Rosen and Paul Possinger (Restructuring). It also included associates Dylan Marker, Maximilian Greenberg, Reuven Klein , Jorge Gonzalez and Carly King (Restructuring); partners Grant Darwin and Michael Ellis and associates Nathaniel Liebes, Benjamin Childress and Dorehn Coleman (M&A); partners Michael Mervis, David Picon and Vinay Kohli, special litigation counsel Matthew Morris and associates Elliot Stevens, Adam Farbiarz, Amy Gordon, Henrique Carneiro and Eamon Wizner (Commercial Litigation); partners Steven Weise and Philip Kaminski (Finance); partner Martin Hamilton (Tax); partner John Ingrassia (Antitrust); and partner Nathan Lander (Insurance).

About Proskauer

The world's leading organizations and global players choose Proskauer to represent them when they need it the most. With 800+ lawyers in key financial centers around the world, we are known for our pragmatic and commercial approach. Proskauer is the place to turn when a matter is complex, innovative and game-changing. We work seamlessly across practices, industries and jurisdictions with asset managers, private equity and venture capital firms, Fortune 500 and FTSE companies, major sports leagues, entertainment industry legends and other industry-redefining companies.

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