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Proskauer Secures Consensual Plan Confirmation After Landmark Results for Genesis Healthcare Creditors

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NEW YORK – Proskauer's restructuring team represented the Statutory Unsecured Claimholders' Committee in securing consensual confirmation of Genesis Healthcare's joint Chapter 11 plan of reorganization, culminating a highly contentious 15-month case that U.S. Bankruptcy Judge Stacey G.C. Jernigan described as "about as complicated as a Chapter 11 case can be." Through its successful challenge to an insider sale, a reopened auction, and hard-fought litigation, the Committee generated hundreds of millions of dollars in value and positioned unsecured creditors to receive material recoveries.

The case began with an insider stalking horse bid that would have left unsecured creditors with "less than zero" recoveries. Proskauer, along with its co-counsel Stinson LLP, successfully challenged the proposed insider sale on behalf of the Committee, prompting the Court to deny approval and reopen the auction. After denying the insider sale, the Court appointed the Committee's investment banker, Houlihan Lokey, to lead the reopened auction as estate broker, acting at the joint direction of the Debtors and the Committee. The renewed process produced an approximately $1 billion sale to third-party buyer 101 W State Street Holdings LLC, well above the insider's stalking horse bid, fundamentally changing the trajectory of the case.

Notably, the sale preserved the estates' causes of action rather than transferring them to the buyer, and a subsequent stipulation gave the Committee shared control over those claims. The Committee pursued litigation against certain of the Debtors' insiders and lenders, ultimately achieving a global settlement providing approximately $180 million in additional value for the estates and cancellation of more than $430 million in asserted secured and unsecured claims. Together with the Debtors, the Committee formulated a plan transferring the net sale proceeds and settlement consideration to a creditor trust.

The settlement paved the way for consensual confirmation of the plan after the closing of the sale. Together, the Committee's sale-process advocacy, preservation of estate claims, and litigation strategy transformed a case that began with no recoveries for unsecured creditors into a consensual resolution poised to deliver meaningful distributions.

The Proskauer team representing the Committee is led by partners Brian Rosen, Ehud Barak, Daniel Desatnik, and Paul Possinger (Restructuring); partner Ellen Wheeler (M&A); partner Richard Westling (Litigation/Health Care); partner Vinay Kohli (Health Care); and partner Katelyn O'Brien (Real Estate). It also includes associate Elliot Stevens (Litigation); and associates Jordan Sazant, Dylan Marker, Nicole Raca Bromberg, Max Greenberg, Jorge Gonzalez, William Brisman, and Tal Singer (Restructuring).

About Proskauer

Proskauer is an elite global law firm with more than 900 lawyers in key financial centers in the United States, Europe, South America, and Asia. Our clients include many of the world's leading businesses, including asset managers, banks, listed corporations, and private companies. We have deep expertise in several of the fastest-growing and dynamic segments of the market, including sports, technology, life sciences, and health care. We represent hundreds of asset managers across a wide spectrum of sectors and strategies, including private equity, private credit, hedge, real assets, secondaries, and capital solutions.

Proskauer has had major roles in some of the highest-profile Chapter 11 and sovereign restructuring cases throughout the United States. Our Restructuring team represents every constituent – debtor, lender, unsecured creditor, board of directors, independent fiduciary, shareholder, and new investor – involved with a business in distress, and we understand the goals, strategies, and tactics of each of the parties. Our relationships and broad-based experience enable us to work collaboratively in highly charged situations to develop value-added resolutions for our clients.

Related Professionals

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