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News for People Tracking Distressed Businesses

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Plan Loophole on Executive Pay?

By Christopher Patalinghug

The Official Committee of Tort Claimants, joined by the Official Committee of Unsecured Creditors appointed in Rite Aid Corp.'s Chapter 11 cases, is griping about the retailer honoring its pre-petition employment contract with its CEO promising him a success fee upon emergence from Chapter 11. The Committees say \$22 million for seven months' work is way above-market. The Committees have grumbled about Jeffrey S. Stein's employment agreement since the bankruptcy cases were filed, and those complaints have fallen on deaf ears. The Committees hope to negotiate a different compensation arrangement before the Chapter 11 plan confirmation hearing scheduled for April 22. If that doesn't happen, the Committees intend to attempt to get Judge Michael B. Kaplan to stall plan approval.

Rite Aid's hinted the conversation is premature and has no bearing on plan approval, and intends to address Mr. Stein's employment agreement post-

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Social Media Ad

By Joy Agravante

Watch that language! A social media post by a prepetition vendor and creditor of Compute North Holdings, Inc., a bankrupt cryptomining data center firm, has been found to have violated the automatic stay imposed in Chapter 11 proceedings. Tribolet Advisors LLC, which is serving as Plan Administrator and Trustee for the Mining Project Wind Down Holdings Inc. Litigation Trust, says the vendor, Bootstrap Energy, LLC, posted a public advertisement on its LinkedIn page inviting attendees to an upcoming industry event to ask about a Corpus Christi project. The post, according to Tribolet, is an attempt to market an asset of the Debtors — in violation of the stay.

Bootstrap argues that a mere invitation to discuss an alleged estate asset does not violate the automatic stay. Bootstrap asserts that Tribolet's stay violation claim must be tossed. However, the Hon. Judge Marvin Isgur of the United States

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confirmation (when the success fee would be earned) and justify the payment in a request asking Judge Kaplan to approve Rite Aid's assumption of the pre-petition contract.

Loophole

Shortly before the Debtors filed for bankruptcy, Mr. Stein signed an employment agreement that purports to guarantee him a \$20 million "success fee" (in addition to his \$300,000 per month salary, bringing his total compensation to roughly \$22 million) payable under almost any conceivable outcome other than a liquidation. According to the TCC, Mr. Stein is slated to receive the same amount on emergence — \$20 million — as all of the Debtors' unsecured creditors as a whole. (Other consideration payable under the Plan to unsecured creditors consists of payment of \$27.5 million in cash over time, a small percentage of equity of the reorganized entity, and certain litigation rights.)

"If the Debtors' plan is confirmed, Mr. Stein will receive at emergence for his seven months at the helm of a bankrupt company more than the tens of thousands of individuals and families, and thousands of communities, Hospitals, Public Schools, Native American Tribes, and others that were harmed by the Debtors' misconduct in fueling the opioid crisis — combined!"

The TCC discloses the Committees continued to work behind the scenes on a potential resolution to this fiasco, asking for it to be mediated, and then understanding that the Debtors would, at least, resolve the issue before confirmation, whether by negotiating

a sensible resolution or by bringing the agreement forward on a motion for assumption subject to adversarial scrutiny. However, the Debtors have told the Committees they had determined they would not seek approval of assumption of Mr. Stein's agreement until after confirmation. The TCC believes the Debtors are hoping the dispute surrounding his success fee would get worked out between confirmation and the Plan effective date.

The TCC notes that the Debtors' Plan provides for the deemed rejection of all executory contracts other than those "that: (1) are specifically described in the Plan as to be assumed in connection with Confirmation of the Plan, or are identified on the Schedule of Assumed Executory Contracts and Unexpired Leases; (2) have been previously assumed or rejected by the Debtors pursuant to the Assumption/Rejection Procedures Order or any other Bankruptcy Court order; (3) are the subject of a Filed motion to assume, assume and assign, or reject such Executory Contract or Unexpired Lease (or of a Filed objection with respect thereto) that is pending on the Confirmation Date; (4) are to be assumed by the Debtors or assumed by the Debtors and assigned to another third party, as applicable, through a Sale Order in connection with any sale transaction, including in a Sale Transaction Restructuring that is pending on the Confirmation Date; (5) are a contract, release, or other agreement or document entered into in connection with the Plan; or (6) are an Insurance Policy." The TCC explains the general policy of "deemed rejection" provisions is that they require the Debtors to identify all of the contracts and leases

they will assume on a Schedule of Assumed Executory Contracts and Unexpired Leases (or elsewhere in the Plan), and to place those contracts before the Court in connection with confirmation. The TCC says the language included in the Debtors' Plan, however, leaves the Debtors with the loophole they apparently now intend to exploit: so long as a motion to assume a contract is "Filed" before the Court enters an order confirming the Plan is entered — even if after the Combined Hearing — the Debtors will be permitted an extension of their deadline with no statutory basis.

Astronomical

The TCC reveals the Debtors have refused to provide the TCC with supposedly comparable engagements on which Mr. Stein's contract is based. The TCC, nonetheless, analyzed court-approved completion or success fees for chief executive officers and chief restructuring officers approved in recent bankruptcy cases involving over \$1 billion in funded debt. The TCC observed Mr. Stein's proposed \$20 million success fee is roughly five times the median fee approved in the cases surveyed by the TCC. In the comparable cases surveyed, the TCC also observed success and completion fees were typically close to 0.1% of funded debt. Mr. Stein's proposed success fee, however, equates to about 0.5% of Rite Aid's \$3.999 billion in funded debt as of the petition date.

Among the cases reviewed by the TCC, in *In re Envision Healthcare Corporation, et al.*, No. 23-90342 (CML) (Bankr. S.D. Tex.), Paul Keglevic, the CRO of Envision, was slated to receive \$2.0–2.5 million, which is 0.03% of the debtors' \$7.66 billion in funded debt. In *In re Bed*

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Bath & Beyond Inc., No. 23-13359 (VFP) (Bankr. D.N.J.), Holly Etlin, the CRO and CFO of Bed Bath & Beyond Inc., is slated to receive \$750,000, which is 0.04% of the retailer's \$1.82 billion funded debt. And in *In re SVB Financial Group*, No. 23-10367 (MG) (Bankr. S.D.N.Y.), William C. Kosturos is slated to receive \$4 million, which is 0.12% of its \$3.37 billion funded debt.

The TCC also checked *In re Avaya Inc.*, No. 23-90088 (DRJ) (Bankr. S.D. Tex.), wherein Eric Koza, Avaya's CRO, is due to be paid 0.05% of the amount of debt restructured. Avaya has \$3.42 billion in funded debt. In *In re Revlon, Inc. et al.*, No. 22-10760 (DSJ) (Bankr. S.D.N.Y.), Robert M. Caruso, Revlon's CRO, is due to be paid \$4.25 million, which is 0.12% of the \$3.54 billion funded debt. In *In re GWG Holdings Inc.*, No. 22-90032 (MI) (Bankr. S.D. Tex.), Mr. Stein as GWG Holdings' CRO is slated to be paid \$1.25 million, which is 0.06% of the \$2.02 billion funded debt. In *In re GTT Communications, Inc., et al.*, No. 21-11880 (MEW) (Bankr. S.D.N.Y.), \$3 million is payable to the CRO, which amount is 0.15% of the \$2.02 billion funded debt. In *In re Gulfport Energy Corp., et al.*, No. 20-35562 (DRJ) (Bankr. S.D. Tex.), \$2.875 million is payable to Quentin R. Hicks, the Executive Vice President and CFO, which amount is 0.12% of the \$2.41 billion funded debt.

The TCC points out that none of these cases — including those involving Mr. Stein himself — provide precedent for the astronomical fee sought here, which would eclipse all predecessors. And based on the terms of Mr. Stein's own retention in GWG, the Debtors might be able to justify

paying him an eighth of what he has been offered for this engagement, 0.06% of funded debt or \$2.5 million. Moreover, the largest competition/success fee among those surveyed (i) by amount was \$4,250,000 (or 0.12% of funded debt) and (ii) by percentage of funded debt was 0.24% (or \$3,750,000), and the latter was the only completion/success fee among those surveyed above 0.15%. And this is on top of the \$300,000 monthly fee that Mr. Stein has received over the course of the case, nearly double the median of certain other monthly fees surveyed (\$175,000).

The TCC also points out even the all-in annual compensation payable to the CEO of Walmart — a profitable company that has not filed for bankruptcy — is approximately \$25 million, albeit primarily paid in equity. The TCC admits this is not an apt comparison but notes Walmart has about 58.9 times the amount of assets as Rite Aid, operates internationally with roughly 6.18 times as many stores as Rite Aid, employs about 52.5 times as many employees as Rite Aid and had 34.99 times the revenue as Rite Aid for the third quarter of fiscal year 2023.

“The apparent desire of the Debtors to honor an ill-considered bargain cannot justify a decision that must be made with the interests of the Debtors' estates in mind. When subjected to the appropriate level of scrutiny, the Debtors cannot justify permitting Mr. Stein to extract from these scanty estates cash approximately equal to the entire value available at emergence to unsecured creditors,” the TCC contends.

In its joinder to the TCC's limited objection to the Plan, the UCC states, “[T]he fact that the Stein Agreement purports to award him individually

more cash on the Effective Date than is going to billions of dollars of unpaid, unsecured creditors — the Stein Agreement is wildly out of market, inappropriate considering the facts of this case, and therefore must be rejected or materially modified before it can even begin to satisfy the legal standards for assumption.”

At Rite Aid's behest, the Bankruptcy Court adjourned the hearing to consider confirmation of the Debtors' Second Amended Joint Chapter 11 Plan of Reorganization, originally set for April 22, to a later date to facilitate finalizing key documents.

The TCC is represented by Arthur J. Abramowitz and Ross J. Switkes of Sherman, Silverstein, Kohl, Rose & Podolsky, P.A., and Akin Gump Strauss Hauer & Feld LLP's Arik Preis, Mitchell P. Hurley, Theodore James Salwen, Brooks Barker, and Kate Doorley.

The UCC is represented by Kelley Drye & Warren LLP's James S. Carr, Robert L. LeHane and Maeghan J. McLoughlin; and Kramer Levin Naftalis & Frankel LLP's Kenneth H. Eckstein, Adam C. Rogoff, Rachael Ringer, Natan M. Hamerman and Megan Wasson.

Rite Aid is represented by Cole Schotz P.C.'s Michael D. Sirota, Warren A. Usatine, Felice R. Yudkin and Seth Van Aalten; and Kirkland & Ellis LLP's Edward O. Sassower, Joshua A. Sussberg, Aparna Yenamandra, Ross J. Fiedler and Zachary R. Manning. □

Research Report

Who's Who in Cano Health's Bankruptcy Cases

by Carlo Fernandez

Cano Health, Inc., and its affiliates are one of the largest independent primary care physician groups in the United States. Cano Health medical centers and affiliates provide primary care health services to more than 312,000 members with significant concentration in Florida and a focus on Medicare Advantage members. Cano's LTM September 30, 2023 total revenue was \$3.0 billion.

Cano Health was founded in 2009 by Dr. Marlow Hernandez and Dr. Richard Aguilar. In June 2021, certain predecessor entities of the Company consummated a business combination transaction. Following completion of the combination, the Company's organizational structure became an umbrella partnership-Corporation (or Up-C) corporation structure. Upon the closing of the business combination, the Company's name was changed to "Cano Health, Inc."

Cano Health has two classes of common stock: Class A common stock, which are voting and economic shares, and Class B common stock, which are non-economic shares. Cano Health also previously issued warrants that are exercisable for one share of Class A common stock, at an exercise price of \$1,150.00 per share.

Cano Health previously traded on the NYSE under ticker "CANO" but its stock was delisted in February 2024. The common stock continues to trade on the OTC market under the symbol "CANOQ."

ITC Rumba, LLC (InTandem Capital Partners) held a 34% equity stake in the Company as of the bankruptcy filing.

Cano Health's profitability and cash flow has deteriorated due, in large part, to rising medical costs and the increase in short-term interest rates.

Beginning around August 2023, Cano Health faced a liquidity crisis and an impending financial covenant default under their Side-Car Credit Agreement. After resolving the impending default, Cano Health and its restructuring advisors commenced a parallel-track process to explore a potential restructuring of the Company's secured and unsecured funded indebtedness and an M&A transaction with a strategic or other partner. To generate additional liquidity, Cano Health also pursued several non-core asset sales. In September 2023, Cano Health sold its senior-focused primary care centers in Texas and Nevada, generating \$35.4

million in cash, paid at closing.

By November 2023, it became clear that additional non-core asset sales were unlikely to materialize before Cano Health was to face a liquidity shortfall, and the Company determined it would likely require additional financing and a comprehensive restructuring in the near-term. During this period, the Company determined it previously utilized substantially all of its available covenant flexibility under its debt documents in connection with raising the Side-Car Term Loan, which severely restricted its ability to obtain out-of-court financing without the consent of the two lenders under the Side-Car Term Loan. Furthermore, upcoming covenant defaults under the Credit Suisse Agreement made it likely that consents for an out-of-court financing would also be required from a majority of those lenders.

In early December 2023, Cano Health continued to seek additional financing to fund their operations while they evaluated potential restructuring options, including a potential chapter 11 deleveraging. At this time, the Company's advisors initiated discussions with the advisors to a majority of the Company's prepetition secured lenders around

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the terms of a potential restructuring. In early January 2024, the Ad Hoc First Lien Group expressed willingness to provide debtor-in-possession financing in conjunction with a comprehensive and holistic restructuring solution for the Company, potentially coupled with a restructuring support agreement and chapter 11 process.

Cano Health and 47 subsidiaries sought protection under Chapter 11 of the Bankruptcy Code (Bankr. D. Del. Lead Case No. 24-10164) on Feb. 4, 2024, to seek confirmation of a dual-track plan. The Debtors disclosed \$1.21 billion in assets against \$1.47 billion in total liabilities as of the bankruptcy filing. The Debtors' outstanding secured indebtedness is generally comprised of (i) \$120 million outstanding under the revolving credit facility under the Credit Suisse Credit Agreement, (ii) \$631.5 million in term loans outstanding under the Credit Suisse Credit Agreement; and (iii) \$181.6 million outstanding under the Side-Car Term Loan Agreement. Unsecured debt includes \$300 million outstanding under the 6.25% Senior Unsecured Notes Due 2028, and general unsecured trade payables amounting to \$30 million.

The Debtors are seeking to confirm a prearranged plan with the support, pursuant to the terms of a restructuring support agreement, of creditors holding 86% of the Debtors' secured revolving and term loan debt and 92% of the Debtors' senior unsecured notes.

The Debtors are seeking to move forward with a committed Plan to recapitalize and deleverage their balance sheet while at the same time explore opportunities for a sale of all, or substantially all, of their assets. The Plan provides that either the reorganization transaction or the Whole-Co sale transaction may be coupled with the sale of one or more certain discrete businesses and assets.

This dual-track path provides for, among other things, (i) a comprehensive restructuring of the Debtors' prepetition obligations or sale of substantially all of their assets, (ii) the provision of the going-concern value of the Debtors' businesses, (iii) maximization of creditor recoveries, (iv) an equitable distribution to the Debtors' stakeholders, (v) continuation of high-quality medical care to the Debtors' patients, and (vi) optimal protection of the jobs of the Debtors' providers and other

employees.

The Company has received a commitment for \$150 million in new debtor-in-possession financing from certain of its existing secured lenders.

Mark Kent, who assumed the permanent CEO role in August 2023, said at the time of the Chapter 11 filing that Cano Health has significantly advanced and accelerated its strategy to focus on its core Florida Medicare Advantage and ACO REACH lines of business, including successfully divesting operations in Texas and Nevada and exiting the California and Puerto Rico markets.

A hearing will be held before Judge Karen Owens on May 9, 2024 to consider approval of the adequacy of the disclosure statement explaining the terms of the Plan. A Plan confirmation hearing has been tentatively scheduled for June 28, 2024.

DEBTORS

Weil, Gotshal & Manges LLP, led by Restructuring co-chair **Gary T. Holtzer**, and partners **Jessica Liou**, **Matthew P. Goren** and **Kevin Bostel**, is serving as the Debtor's bankruptcy counsel.

Richards, Layton & Finger, P.A.,

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led by directors **Mark D. Collins**, **Michael J. Merchant** and **Amanda R. Steele**, and associates **James F. McCauley** and **Alexander R. Steiger**, is Cano Health's bankruptcy co-counsel.

Houlihan Lokey, Inc., is onboard as the Debtors' financial advisor and investment banker. **David R. Hilty**, a managing director and co-head of Global Restructuring at Houlihan, heads the engagement. Other principal professionals involved in the engagement are managing directors **Drew Talarico** and **Jerome (J.J.) Brown**; senior vice president **Ethan Kopp**; vice president **Austin Smith**; associates **Konstantin Malyshkin**, and **Thomas Mumford**; and financial analysts **Jenny Yu**, **Ivy Zhang**, and **Alexandra Liberis**.

AlixPartners, LLP, is the Debtors' financial advisor. Partners and managing directors **David Orlofsky** and **Clayton Gring**; and partner **Conor McShane** are responsible for the overall engagement.

McDermott Will & Emery LLP is Cano Health's special regulatory and corporate counsel. Counsel **Lester Perling**; partners **Gregg Steinman**, **Oliver Benton Curtis**, **Patrick Healy**, and **Maris Kandestin**; and associates

Jason Kramer, **Rode Carpio**, and **Landon Foody** are the attorneys who have primary responsibility for providing the services to the Debtors.

Quinn Emanuel Urquhart & Sullivan, LLP, is serving as special counsel to assist the Debtors in investigation, assessment, analysis, release, compromise, and prosecution of any claims against its current or former directors. **Benjamin I. Finestone**, a partner at Quinn Emanuel, heads the engagement.

Kurtzman Carson Consultants, LLC, is the claims, notice and solicitation agent, and the administrative advisor.

Ernst & Young LLP is Cano Health's audit services provider. **James N. Parrott**, a partner of EY LLP, heads the engagement.

KPMG LLP, led by partner **Olayinka Kukoyi, CPA**, is the Debtors' tax service provider.

FIRST LENDERS

Gibson, Dunn & Crutcher, LLP, led by partners **Scott J. Greenberg** and **Michael J. Cohen**, and of counsel **Christina M. Brown**, is serving as counsel to the Ad Hoc First Lien Group, comprised of holders of secured loans and senior notes issued

by the Debtors.

Pachulski Stang Ziehl & Jones LLP, led by name partner **Laura Davis Jones**, and **James O'Neill**, is the group's Delaware counsel.

Berkeley Research Group, LLC, is the financial advisor to the group.

The members of the Ad Hoc First Lien Group are **Anchorage Capital Advisors, L.P.**, **Carlyle Investment Management LLC**, **D. E. Shaw Galvanic Portfolios, L.L.C.**, **Diameter Capital Partners LP**, **Eaton Vance Management & Boston Management and Research**, **Fidelity Management & Research Company LLC**, **Nut Tree Capital Management, LP**, **Rubicon Credit Holdings LLC**, **Sound Point Capital Management, L.P.**, and **Squarepoint Ops LLC**.

As of Feb. 5, 2024, the largest holders of the Debtors' first-lien debt are Anchorage Capital Advisors (\$115 million of the CS term loans), Squarepoint Ops (\$142 million of CS term loans and \$30 million of CS revolving loans), and Diameter Capital Partners LP (\$133 million of Side-Car term loans and \$14.9 million of CS term loans). Squarepoint Ops is also the largest holder of the senior unsecured notes, in the amount of

Research Report

Who's Who in Cano Health's Bankruptcy Cases

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\$182 million.

AGENTS

Credit Suisse AG, Cayman Islands Branch, is the administrative agent and collateral agent, under the Prepetition Credit Agreement. **Freshfields Bruckhaus Deringer US, LLP**, led by partners **Mark F. Liscio**, and **Scott D Talmadge**, is serving as counsel to the agent. **Potter Anderson & Carroon LLP** is the Delaware counsel to the first lien administrative agent.

JPMorgan Chase Bank, N.A., is the administrative agent and collateral agent under the Side-Car Credit Agreement. **White & Case LLP** is serving as counsel to the Side-Car agent.

Wilmington Savings Fund Society, FSB, is the DIP agent under the postpetition term loan credit facility of \$150 million provided by a consortium of lenders. **ArentFox Schiff, LLP**, led by **Jeffrey R. Gleit**, is counsel to Wilmington Savings.

U.S. Bank National Association is the indenture trustee for the senior unsecured notes.

UNSECURED CREDITORS

The U.S. Trustee for Region 3

appointed an official committee to represent unsecured creditors. The five committee members are CD Support LLC, Second Wave Delivery Systems, LLC, Navina Technologies Ltd., 2380-90 NW 7 Street LLC, and 107 Commercial Property LLC.

Paul Hastings LLP has been tapped as the Committee's lead counsel. Partners **Kristopher M. Hansen** and **Erez Gilad**; of counsel **Ryan Montefusco**; and associates **Jillian McMillan**, and **Schlea Thomas**, lead the core group of attorneys providing services to the Committee.

Cole Schotz P.C. is the Committee's Delaware co-counsel. Members **Justin R. Alberto**, **Seth Van Aalten**, **Patrick J. Reilley**, and **Andrew J. Roth-Moore**, and associates **Bryant P. Churbuck**, **Melissa M. Hartlipp**, and **Julie A. Aberasturi** are the Cole Schotz attorneys primarily responsible for representing the Committee.

Force Ten Partners, LLC, was the Committee's financial advisor from Feb. 22, 2024, through March 20, 2024.

Genesis Credit Partners LLC was later tapped as the Committee's financial advisors effective as of March 21, 2024. Genesis Credit

Partners is a newly formed advisory firm, which is comprised of the same financial advisory team at Force 10 that was advising the Committee. **Edward Kim**, a partner at Miami, Florida-based GCP, heads the engagement.

PATIENT CARE OMBUDSMAN

Daniel T. McMurray was appointed as the patient care ombudsman in the Chapter 11 cases. Mr. McMurray is a senior managing director of **Focus Management Group USA, Inc.**, which specializes, inter alia, in the management and turnaround of distressed health care businesses.

Neubert Pepe & Monteith PC has been tapped as counsel for the Ombudsman. **Mark I. Fishman** is Neubert Pepe's lead attorney.

Klehr Harrison Harvey Branzburg, LLP, led by partner **Raymond H. Lemisch**, is the PCO's co-counsel.

JUDGE

The Hon. **Karen B. Owens** is the case judge. □

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Bankruptcy Court for the Southern District of Texas denied Bootstrap's motion to dismiss the stay violation claim.

Reasonable Inference

Compute North Holdings owns an interest in a bitcoin mining facility in Corpus Christi, Texas, known as the Bootstrap Facility. Separately, Compute North LLC, contracted with Bootstrap for the purchase of a transformer. All of Compute North's rights for the issues in dispute are held by Tribolet, as plan administrator under the Debtors' confirmed plan.

Tribolet alleges Bootstrap willfully violated the automatic stay arising under 11 U.S.C. Sec. 362, claiming Bootstrap attempted to exercise control over property of the Debtors' bankruptcy estates by "marketing the Bootstrap Facility in which the Debtors' estates had an interest."

On its LinkedIn page, Bootstrap posted, among others, that:

"Bootstrap Energy is excited to attend the Summit this week!"

"...Ask us about our 600MW Corpus Christi Energy Park online by summer 2023. (Space available for miners, 25MW blocks)..."

Bootstrap moves to dismiss the

stay violation claim for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6), as made applicable in adversary proceedings by Federal Rule of Bankruptcy Procedure 7012(b). Bootstrap argues "the only fact Plaintiff alleges in support of this claim is that 'Bootstrap posted a public advertisement' on its LinkedIn page inviting attendees at an upcoming industry event to ask about the Corpus Christi project." Bootstrap argues "[a] mere invitation to discuss an alleged estate asset does not violate the automatic stay."

Judge Isgur acknowledges Tribolet "may find it difficult or impossible to meet its burden of proof, the Court cannot exclude the possibility that the LinkedIn post was a violation of the automatic stay." Judge Isgur explains "a reasonable inference of the text — particularly 'ask us about our' — is that Bootstrap was informing the public that it owned the Bootstrap Facility." Judge Isgur concludes it is a reasonable inference that Bootstrap's claim of ownership over the Debtors' property was an act to exercise control over property of the estate. "The stay violation claim has facial plausibility (although not yet much meat or damages)," the judge states.

Renewed Objection

Bootstrap and another entity, Corpus Christi Energy Park, LLC, are defendants in an adversary

action commenced by the Plan Administrator. By the complaint, the Plan Administrator seeks to recover damages for breach of contract and violations of the automatic stay, to avoid certain preferential and fraudulent transfers, and to disallow the Defendants' claims. Bootstrap contends this renewed objection to its claim is barred under the doctrine of *res judicata* and must be dismissed. It points out the bankruptcy court has already entered a final judgment that denied the Debtors' objection and found it had "no factual basis."

Bootstrap's proof of claim 10058 is on account of Compute North's contract with Bootstrap for the purchase of a transformer for \$4,568,950, of which the Debtor has paid \$454,250. Bootstrap filed its proof of claim for the remaining \$4,114,700. The claim was the subject of the Debtors' omnibus objection, which the Court already denied, finding that:

1. The objection to Bootstrap's claim had no factual basis.

2. The declaration of Ryan Mersch, Director at Portage Point Partners, LLC, the Debtors' financial advisors, was made with a careless disregard for the truth. The declaration states that Mr. Mersch carefully and thoroughly reviewed the Debtors' books and records before making the declaration.

3. The Court required the filing of a statement as to how the Mersch

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declaration could have been filed after a careful and thorough review. The statement demonstrates that Mr. Mersch did not carefully and thoroughly review the Debtors' books and records.

Tribolet contends that the Court's order denying the Debtors' omnibus objection was neither a claim allowance nor a final judgment. Tribolet argues the Debtors were "using an omnibus claims procedure, which allows piecemeal objection." It also asserts that the omnibus objection was filed with language reserving the Debtors' rights to object "on any ground whatsoever."

Judge Isgur says the Debtors' reservation of rights statement was never approved by the Court. He also holds that the prior order denying the omnibus objection was a final judgment.

According to Judge Isgur, there are two issues to resolve the question of whether the final judgment binds the Debtors given the omnibus objection's reservation of rights when that objection was filed in bad faith. The first issue is whether the doctrine of *res judicata* applies. The Court finds that all four elements of *res judicata* are satisfied. The Court is unable to locate any case law (and Tribolet has cited none) that a party may unilaterally avoid the

imposition of *res judicata* by stating that it reserves the right to not have *res judicata* apply.

The second issue is whether the bad faith filing of the "omnibus objection" weighs against its reservation of rights. According to Judge Isgur, the "omnibus objection" was made without a factual basis and in bad faith. Notwithstanding its title, the objection was not an omnibus objection, the Court notes. The Court states that the movant cannot rely on the form of the title of the objection to belie its substance.

These findings weigh against the reservation of rights language, the Judge Isgur concludes. According to the Court, Tribolet is not permitted to raise an objection now that the Debtors could have previously raised as the final judgment is binding.

Tribolet is represented by Charles R. Gibbs and Debbie E. Green of McDermott Will & Emery LLP. Mark A. Castillo and Robert C. Rowe of Carrington, Coleman, Sloman & Blumenthal, L.L.P., represent Bootstrap and Corpus Christi Energy.

Computer North Holdings, Inc., now known as Mining Project Wind Down Holdings Inc., operated crypto mining data centers — two in Texas and one in both South Dakota and Nebraska. Compute North Holdings and 18 affiliates sought protection under Chapter 11 of the U.S. Bankruptcy Code (Bankr. S.D. Texas

Lead Case No. 22-90273) on Sept. 22, 2022. In the petitions signed by Harold Coulby, as authorized signatory, the Debtors reported between \$100 million and \$500 million in both assets and liabilities.

Judge Marvin Isgur oversees the cases.

The Debtors tapped Paul Hastings, LLP and Ferguson Braswell Fraser Kubasta, PC as bankruptcy counsels; Jefferies, LLC as investment banker; and Portage Point Partners as financial advisor. Epiq Corporate Restructuring, LLC is the claims, noticing and solicitation agent.

On Oct. 6, 2022, the Office of the U.S. Trustee for Region 7 appointed an official committee of unsecured creditors. The committee tapped McDermott Will & Emery LLP as legal counsel; and Miller Buckfire & Co., LLC and its affiliate, Stifel, Nicolaus & Co., Inc., as investment banker.

On Nov. 23, 2022, the Debtors filed their joint Chapter 11 liquidating plan and disclosure statement. In February 2023, the Debtors secured Bankruptcy Court approval of its liquidation after selling off its assets. The Debtors, which entered bankruptcy with about \$250 million in secured debt, sold off assets through 13 separate sales and reached key settlements with all of their largest creditors and constituents. □

Research Report

Who's Who in Careismatic Brands' Bankruptcy Cases

by Carlo Fernandez

Santa Monica, Calif.-based Careismatic Brands, LLC, claims to be the world's largest medical apparel provider. The company offers value to its stakeholders through its spectrum of medical apparel and workwear and omnichannel distribution capabilities across the globe.

Founded in 1995 in Chatsworth, Calif., Careismatic has grown from operating a single flagship brand, Cherokee Medical Uniforms, to a portfolio of seventeen brands. It has an extensive portfolio of iconic and emerging brands across the health and wellness platform, including Cherokee Uniforms, Dickies Medical, Heartsoul Scrubs, Infinity, Scrubstar, Healing Hands, Med Couture, Medelita, Classroom Uniforms, AllHeart, Silverts Adaptive Apparel, and BALA Footwear.

Over the past two years certain operational and financial factors have stressed Careismatic's financial condition and ultimately necessitated a Chapter 11 bankruptcy filing.

While Careismatic expanded capacity to meet market demand in 2020 and 2021, demand has normalized to its historical trendline in 2022 and 2023. Macroeconomic issues, including a rapid and dramatic

rise in interest rates, persistent supply chain disruptions, rising material costs, and a challenging labor market exacerbated significantly weaker industry-wide demand. In addition, the lingering effect of Careismatic's legacy business model — including a lack of integration amongst acquired brands (leading to internal inefficiencies and redundancies), poor inventory forecasting and controls (further exacerbated by COVID-19 supply chain disruptions), and material ongoing litigation — has proved distracting, burdensome, and costly to the Debtors.

In October 2022, investment vehicles managed or advised by sponsor Partners Group (USA) Inc. or its affiliates, provided Careismatic with a much-needed infusion of capital in the form of roughly \$30 million in unsecured sponsor loans. In addition to loans, beginning in late 2023, an affiliate of the Sponsor, party to a Services Agreement with Careismatic, dated as of Jan. 6, 2021, determined in an effort to help preserve Careismatic's liquidity, it would defer reimbursement of certain expenses to which it is entitled under the Services Agreement, and defer and accrue the management fees due and owing pursuant to the Services

Agreement, resulting in additional liquidity for Careismatic. Despite the Sponsor's material contributions and concessions, however, the market challenges and legacy obligations facing Careismatic persisted and have required additional action and contingency planning.

Careismatic, with the assistance of its advisors, and the support and cooperation of Partners Group, engaged in detailed turnaround discussions and hard-fought negotiations with (i) the First Lien Ad Hoc Group holding 73% of the First Lien Loans and 20% of the Second Lien Term Loans, and (ii) the Cross-Holder Ad Hoc Group, holding 3% of the First Lien Loans and 50% of the Second Lien Term Loans, represented by King & Spalding LLP.

Careismatic and 21 affiliates sought Chapter 11 protection (Bankr. D.N.J. Lead Case No. 24-10561) on Jan. 22, 2024, after entering into a Restructuring Support Agreement with the First Lien Ad Hoc Group, the Cross-Holder Ad Hoc Group, and Partners Group.

The Debtors disclosed at least \$1 billion in both assets and liabilities. As of the Petition Date, Careismatic had \$832.9 million in total outstanding funded debt obligations, comprised of

Research Report

Who's Who in Careismatic Brands' Bankruptcy Cases

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\$590 million of first lien term loans, \$100 million of first lien revolving loans, \$110 million of second lien term loans and \$32.9 million due under an unsecured PIK note.

Careismatic secured commitment for \$125 million in debtor-in-possession financing from the Company's prepetition first lien lenders.

Careismatic has filed a proposed Chapter 11 plan that contemplates the Debtors will pursue a sale transaction to obtain a successful bid from a third-party purchaser. If the Debtors do not receive a successful bid, or if the winning bid is a credit bid, the Debtors will toggle to a recapitalization transaction, which provides for the equitization of 100% of the allowed first priority claims, subject to dilution. In a recapitalization transaction, holders of general unsecured claims will receive no recovery or distribution on account of those claims.

The Plan is supported by holders of claims and interests that have agreed to the Restructuring Support Agreement and the Restructuring Term Sheet. These include (i) the First Lien Ad Hoc Group, (ii) the Cross-Holder Ad Hoc Group, (iii) the Sponsor RSA Parties, and (iv) parties

that participated in the DIP Facility Subscription and executed joinders to the RSA. Signatories to the RSA collectively hold approximately 90% of First Lien Term Loan Claims, 11% of First Lien RCF Claims, and 70% of Second Lien Claims.

The unsecured creditors committee has conveyed objections to the Debtors' "skeleton" plan and the \$125 million bankruptcy loan.

A hearing to consider confirmation of the Plan is scheduled for May 30, 2024.

DEBTORS

Kirkland & Ellis, LLP, and **Kirkland & Ellis International, LLP**, represent the Debtor as general bankruptcy counsel. Partners **Joshua A. Sussberg**, and **Chad J. Husnick**, **Austin Witt**, **Josh Greenblatt**, **Kristin Rose**, and **Christine Shang**; and associates **Ashley L. Surinak**, **Seth Sanders**, **Diana Heriford**, and **Kelby Roth** the attorneys primarily responsible for representing the Debtors

Cole Schotz, P.C., is the Debtors' bankruptcy co-counsel. Bankruptcy & Corporate Restructuring co-chair **Michael D. Sirota**, and members **Warren A. Usatine** and **Felice R. Yudkin** are the lead attorneys for Cole

Schotz working on the case.

AP Services, LLC, an affiliate of **AlixPartners, LLP**, is providing restructuring services. **Kent Percy**, a partner and managing director of **AlixPartners**, has been designated as chief restructuring officer of the Debtors. Mr. Percy has more than 20 years of experience developing comprehensive solutions in corporate restructurings and financial reorganizations.

PJT Partners, LP, is the Debtors' investment banker. **Josh Abramson**, a partner of **PJT**, leads the engagement.

Donlin, Recano & Company, Inc., is the claims, noticing and solicitation agent and administrative advisor. **Roland Tomforde** is the president of **Donlin Recano**.

KPMG LLP is providing tax consulting services to the Debtors. **Brad Lancy**, managing director, will have the overall responsibility for the conduct of the engagement and the execution of work under the Accounting and Reporting workstream. The **KPMG** engagement team will also include principals **Kevin Tom** and **Andrew Basso**.

C Street Advisory Group is the Debtors' strategic communications advisor.

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Who's Who in Careismatic Brands' Bankruptcy Cases

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AFFILIATES

Kobre & Kim LLP is the special counsel to render independent legal services on behalf of and at the sole direction of Harvey Tepner, in his capacity as an independent director of CBI Parent, L.P. Senior partner **Steven G. Kobre**, partner **Daniel J. Saval**, special counsel **Michael Fasano**, principal **Donna Xu**, and associates **Alaina Heine**, **Layan Charara**, **Naomi Yang**, **Sean Song**, and **Fernando Zanzarini**, and attorney **Ranita Pitamber-Laloo** are the attorneys involved in the engagement.

McDonald Hopkins LLC has been tapped as counsel to render independent legal services to CBI Intermediate, Inc., at the sole direction of Roger Meltzer, the disinterested and independent member of the Board of Directors of Intermediate, with respect to a potential transaction, the investigation, and conflict matters involving the Chapter 11 case. **David Agay**, a member of McDonald Hopkins, leads the engagement.

Province, LLC, is serving as financial advisor at the sole direction of the disinterested directors of the transaction committees for CBI Parent

and CBI Intermediate. **Daniel Moses**, a principal at Province, heads the engagement.

LENDERS

Milbank LLP, led by **Evan R. Fleck**, **Nelly Almeida**, and **Alexander B. Lees**, is serving as counsel to the First Lien Ad Hoc Group, and **Gibbons P.C.**, led by **Robert K. Malone**, **Brett S. Theisen**, and **Kyle P. McEvelly**, is serving as local counsel. **Houlihan Lokey Capital, Inc.**, is the Group's financial advisor.

King & Spalding LLP, led by **Thomas J. Scrivo**, **Peter Montoni**, **Michelle Muscara**, and **Matthew L. Warren** is advising the Cross-Holding Creditor Group, which is comprised of holders of 2.48% of First Lien Claims and holders of 49.51% of Second Lien Claims. Members of the Cross-Holding Creditor group are **New Mountain Capital, L.L.C.**, and **Oak Hill Advisors, L.P.**

Jefferies Finance LLC is the administrative agent and collateral agent under the DIP credit agreement.

UNSECURED CREDITORS

The U.S. Trustee for Regions 3 and 9 appointed an official committee

to represent unsecured creditors in the Debtor's Chapter 11 case. The committee is currently comprised of **Ball Up, LLC**, **Koi Design, LLC**, and **Angela Mendoza**. **Cordial Experience, Inc.**, was formerly a member of the Committee.

Pachulski Stang Ziehl & Jones, LLP, is the Committee's legal counsel. **Bradford J. Sandler**, **Robert J. Feinstein**, **Teddy M. Kapur** and **Cia H. Mackle** lead the core group of attorneys representing the Committee.

FTI Consulting, Inc., is the Committee's financial advisor. **Liz Hu** is the senior managing director assigned to the overall engagement.

Back Bay Management Corporation and its division, **The Michel-Shaked Group ("MSG")** are serving as the Committee's expert consultant and, if necessary, expert witness. Managing director **Brad Orelowitz, CPA**, and director **Paul Dionne** lead the MSG personnel providing services to the Committee.

JUDGE

The Hon. **Vincent F. Papalia** is the case judge. □

Special Report

Regional and Local Bankruptcy Accounting Firms

Firm	Partners & Professionals	Recent Representative Clients
ACCOUNTING & BUSINESS PARTNERS, LLC Seminole, FL (727) 828-9945 accountingandbusinesspartners.com	Andrea Bone	Advocate Health Partners LLC, LemonKind LLC, Preferred Builders of Florida, Morey Machining & Manufacturing, Professional Process Piping LLC, Harris Pharmaceutical Inc., Broit Builders Inc dba Broit Lifting, Chef Casey LLC, Larry Barber Enterprises, Inc., Phoenix Roofing & Construction FL, Inc., Soto's Auto & Truck Repairs Service, Inc., and Barenz Investments, LLC
BACHECKI, CROM & CO., LLP South San Francisco, CA (415) 398-3534 bachcrom.com	Jay D. Crom	Ace Insulation Inc, Professional Charter Services, LLC, California Wine Transport Inc, Diamond Creek Villa LLC, Bay Area Commercial Sweeping Inc, Inn SF Enterprise Inc, Twin Cities Investments LP, Bennett Rosa LLC, Robert Louis Stevenson Plaza Associates, RubrYc Therapeutics Inc
HAHN FIFE & COMPANY, LLP Pasadena, CA (626) 792-0855 hahnfife.com	Donald T. Fife	Immanuel Sobriety Inc, Pax Therapy and Family Services, MedTruly Inc, Tuffstuff Fitness International, Reserve Tech Inc, Knotty Nuff Wood Inc, Blue Cargo Group LLC, VAP Diagnostics Laboratory Inc, Reserve Tech Inc, Adli Law Group PC
JMLIU CPA ACCOUNTANCY CORP. Beverly Hills, CA (310) 801-2479	Jennifer M. Liu	INDIEV INC, Minshew Brothers Steel Construction, Shields Nursing Centers Inc, DRIA Group Inc, DVD Factory Inc, Purifying Systems, Inc., Pro Installs Appliance Installations, Inc., Sinaloence Food Products & Services, Inc., , and Talk Venture Group, Inc.
JOSEPH A. BRODERICK, P.C. Melville, NY (631) 462-1779	Joseph A. Broderick	RJT Food & Restaurant LLC, Norman Realty and Construction, 2111 Albany Post Road Corp.'s trustee, Walker Service Corp.'s trustee, Sophie and Joe Pross' trustee, Lucky Star-Deer Park, LLC and related entities, and Baumann & Sons Buses, Inc.
KAPILAMUKAMAL Fort Lauderdale, FL (954) 761-1011 kapilamukamal.com	Soneet R. Kapila Barry E. Mukamal	SBG Burger Opco LLC committee, Double Jump Inc, JDi Data Corporation, Molekule Group Inc, 942 Penn RR, LLC's trustee, Mega-Philadelphia, LLC, Post Oak TX, LLC, Harry Beck Greenhouse, FarFromBoring Promotions.com, LLC's Chapter 7 trustee, Centro Group LLLC's trustee, SWBG Inc., Universal Health Care Group Inc., All American Semiconductor Inc., Just One More Restaurant Corp., and Hals Realty Associates LP's trustee
KOKJER, PIEROTTI, MAIOCCO & DUCK LLP San Francisco, CA (415) 981-4224 kpmd.com	Richard Pierotti	Montgomery Realty Group LLC, Kelham Vineyard & Winery LLC, San Francisco Art Institute, Coeptis Equity Fund LLC, Lucero LLC, Delphi Productions Inc, StorCentric Inc, Maverick Technologies Inc

Special Report

Regional and Local Bankruptcy Accounting Firms

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Firm	Partners & Professionals	Recent Representative Clients
LARRY STRAUSS, ESQ, CPA & ASSOCIATES, INC. Baltimore, MD (410) 484-2142 larrystraussesqcpa.com	Larry Strauss	12-16 S Patterson Park Avenue, Tessemaes LLC, Keyway Apartment Rentals, LLC's trustee, G.D. III, Inc.'s trustee, Point Lookout Marina Properties, Inc.'s trustee, iThrive Health LLC, Brodie Holdings, LLC
LEA ACCOUNTANCY, LLP Los Angeles, CA (323) 987-5780 trusteeleslie.com	Sam S. Leslie	Los Angeles Central Property, Inc., LAXpress Assembly & Distribution, Heartbeat Technologies Inc, 2202 East Anderson Street LLC, GHBW, McGee Contracting In, CMP Industries LLC, Urban Commons Gramercy LLC, CURIOUS APPAREL , Park Place Master Tenant LLC, Coldwater Development LLC
LAIN, FAULKNER & CO., PC Dallas, TX (214) 720-1929	Dean Bielitz	Hydraspin USA Inc, JBM Specialties LLC, Water Now Inc, Hydraspin USA Inc, West Texas Medical Associates, Jess Halls Serendipity LLC, ACM Fatz VII LLC, TAG Mobile LLC, Service One LLC, Premier Paving LTD, Legend Energy Services LLC, BFN Operations LLC, Adeptus Health LLC
MARCUM LLP New York, NY (212) 485-5500 marcumllp.com	Jacqueline Osoros-Luzzi Edward F. Bechold Timothy W. Donovan Gary B. Rosen Nitasha J. Giardina Giustina Lamoureux	Woodland Place Apartments LLC, Escalon Medical Corp., Giga-tronics Incorporated, Biostage, Inc., Voyager Digital Holdings, Inc., et al., Diamondhead Casino Corporation, AYRO, Inc., Vivakor, Inc., Aikido Pharma Inc. Villa Tapia Citi Fresh Supermarket, Michael T. White Inc., DeGroff RX LLC, 131 Manhattan Deli Grocery Corp., G-Star Raw Retail Inc., and Sperling Radiology PC PA
MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC Macon, GA (478) 746-6277 mmmcpa.com	Howard Holleman Raymond A. Pippin Christopher Edwards Kathy W. Fletcher Lori Wetherington	C & A Transportation Inc., Steakhouse Holdings LLC, Suncrest Stone Products, LLC, Cox Land & Timber, Inc., Chandler Health & Rehab Center LLC, Porter Field Health & Rehab Center, LLC, C.R. of Attalla, LLC, Gordon Oaks at Greystoke, LLC
NEWPOINT ADVISORS CORPORATION Schaumburg, IL (800) 306-1250 newpointadvisors.us	Carin Sorvik Matthew Brash Paul Schapira	All Ways Concrete Pumping, LLC, First Fruits Business Ministry, LLC, TK Cleaning and Lawn Services, LLC, Mobitek, LLC, Boulder Botanicals & Biosciences Laboratories, Inc., Thomas Fuchs Creative, LLC, Blue Jay Communications, Inc.,
PATRICK J. GROS, CPA Covington, LA pjgroscca.com	Patrick Gros	Westbank Holdings, LLC, Seven Three Distilling Company, LLC, LaPlace Veterinary Clinic, LLC, Fleetstar LLC, Dasa Enterprises, Inc., M & C Partnership, LLC, Osaka Holdings, LLC, Cella III, LLC
SL BIGGS (SINGERLEWAK) Denver, CO (303) 694-6700 singerlewak.com	Mark Dennis	Mountain Recovery LLC, et al., Missouri Jack, LLC, Perky Jerky LLC, Peak Serum Inc., Medical Simulation Corporation, The Newell Mowing, Co. , and PS Of Denver, Inc.

Worth Reading

Taking America: How We Got from the First Hostile Takeover to Megamergers, Corporate Raiding, and Scandal

Author: Jeffrey G. Madrick

Publisher: Beard Books

Softcover: 320 pages

List Price: \$34.95



As the subtitle reveals, the title “Taking America” connotes the indiscriminate buying up of the nation’s assets of large corporations by the investment bankers, insider stock traders, arbitrageurs, and the like. This occurred in the mid 1970s, when low stock prices made many large corporations attractive as takeover targets. At the time, they were not ready for what was going to hit them. This was the business era when the term “hostile takeover” came into use. The names Ivan Boesky, Carl Icahn, and T. Boone Pickens became household names for their inconceivable, bold attempts to buy out corporations. In doing so, they would stand to make hundreds of millions of dollars as the stock of the company taken over rose. But in most cases, such a stock rise would come at the cost of breaking up the newly acquired company by selling off its most prized and valuable operations and assets or by drastically reducing its work force to save on wage and

benefits costs.

In many ways, this wave of buyouts and mergers fundamentally changed the way corporations did business; and it changed the way corporations were seen by businesspersons and the public. Corporations came to be seen not mainly as businesses relating to a particular business sector or making a particular product or product line.

In many ways, this wave of buyouts and mergers fundamentally changed the way corporations did business; and it changed the way corporations were seen by businesspersons and the public.

Such considerations as operations and growth within a particular or closely-related sector, employee security, and long-term strategic planning were swept aside by the single-minded aim of using a corporation’s cash and other assets

as leverage to takeover vulnerable, and often unsuspecting, corporations for quick, huge profit. Running a corporation became like playing the stock market. Madrick’s “Taking America” was originally published in 1987, just after this wave of takeovers and mergers waned. But it waned not from any restoration of rationality or temperance, but mainly from having succeeded so well. There were scarcely any big companies worth taking over left after the takeover frenzy, as it was described by many.

Madrick follows this unprecedented, transformational takeover spree occurring over the decade of the mid 1970s to the mid 980s mainly by following the activities of the key individuals driving it, and as much as possible getting into their thinking, the scheming, and the strategies.

Madrick follows this unprecedented, transformational takeover spree occurring over the decade of the mid 1970s to the mid 980s mainly by following the activities of the key individuals driving it, and as much as possible getting into their thinking, the scheming, and the strategies. “Most of the participants in the takeover

Worth Reading

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movement who are referred to in this book were interviewed by the author.” Most of the book’s content is based on these interviews. Other recognizable names in the author’s long listing of individuals he interviewed besides those mentioned above are Peter Drucker, Richard Cheney, Robert Rubin, and Felix Rohatyn.

Looking back over this period, Madrick sees that “what surely became clear as this takeover movement progressed, and what is its final criticism, is that it lost touch with business’s first principles.” These principles take into consideration broad economic well-being for employees and the public, not quickly-gained riches for a few.

While offering a wide-ranging, comprehensive account of this 10-year period of major business activity, Madrick consistently, though unobtrusively, makes his perspective known. During this period, “men who wanted, and knew how to make, money” were myopically

and heedlessly engaged in deals in such a way that “making deals took precedence over doing real business.” These deal-makers, takeover specialists, investment bankers, and such “were rarely dreamers, or builders, or even men who could run a business.” Looking back over this period, Madrick sees that “what surely became clear as this takeover movement progressed, and what is its final criticism, is that it lost touch with business’s first principles.” These principles take into consideration broad economic well-being for employees and the public, not quickly-gained riches for a few.

Although Boesky and some of the others who gained prominent media coverage for their takeover activities were heavily fined or imprisoned for illegal conduct, their view of business and business activity was taken in by the business field. The “dot-com bubble” of the 1990’s, when many young entrepreneurs in the field of computer technology tried to create businesses with the hope of soon being taken over by larger companies, is one instance of the legacy of this takeover era. The Enron approach to business is another; as are the business activities, particularly the financial legerdemain, of WestCom, Tyco, and Adelphi, to name a few. In “Taking

America,” in taking the reader back to the now infamous decade of the takeover frenzy, Madrick at the same time sheds much light on the origins of widespread problems in today’s business world. □

About The Author

Jeffrey G. Madrick is a journalist, economic policy consultant and analyst. He is a regular contributor to The New York Review of Books, and a former economics columnist for The New York Times. He is director of the Bernard L. Schwartz Rediscovering Government Initiative at the Century Foundation, where he is a Senior Fellow; editor of Challenge Magazine; and visiting professor of humanities at The Cooper Union. He is a fellow of the World Policy Institute and is a member of the board of The Center for Economic and Policy Research. From the 1970s to the 1990s, he had several positions in journalism, including serving as Wall Street editor of Money Magazine, finance editor of Business Week Magazine and an NBC News reporter and commentator.

This book may be ordered by calling 888-563-4573 or by visiting www.beardbooks.com or through your favorite Internet or local bookseller.

Special Report

Outstanding Young Restructuring Lawyers 2024

Lawyer	Outstanding Achievements
<p>BENJAMIN S. ARFA Wachtell, Lipton, Rosen & Katz New York, NY bsarfa@wlrk.com Harvard University</p>	<p>Advised XPO in its \$870M purchase of 28 truck service centers from Yellow Corporation, guiding the buyer through an incredibly competitive remote, blind auction process that featured novel bidding dynamics; Centerbridge Partners and King Street Capital Management in connection with financing \$328M “drop down” liability management transactions of U.S. Renal Care, a Bain portfolio company, which deals featured novel risk mitigation tactics that enabled Centerbridge and King Street, not previously in the capital structure, to safely provide capital to a distressed company; King Street in connection with financing “pari plus” liability management transactions of Team Health Holdings, Inc., a Blackstone portfolio company, purchasing (together with other investors) \$750M of senior secured first lien notes that interest via a mix of PIK and cash interest, to help Team Health address near term maturities, while guiding client in designing intricate, idiosyncratic intercompany arrangements designed to protect the notes in the event of a subsequent Team Health bankruptcy. Rayonier Advanced Materials in connection with \$250M “double dip plus” financing from Oaktree Capital Management, L.P. Strategic Materials in its prepackaged Chapter 11 “toggle” plan pursuant to which the company conducted a robust marketing process before ultimately restructuring \$400M of secured debt through a plan that provided the equity of the reorganized company to the prepetition lenders.</p>
<p>KATE DOORLEY Akin Gump Strauss Hauer & Feld LLP Washington, D.C. kdoorley@akingump.com University of Texas</p>	<p>Represented ad hoc group of existing first lien term loan lenders in the completion of a major recapitalization of Yak Access, led by its principal equity holder, Platinum Equity. Leading the representation of the Tort Claimants’ Committee in the Chapter 11 cases of Rite Aid Corporation, including in investigating prepetition transactions and insurance considerations, as well as intervening in the chapter 11 cases to create a route to value for the benefit of tort claimants (who, along with other unsecured creditors, were slated to receive zero recovery under Rite Aid’s current plan of reorganization). Special counsel to the Opioid Claimants’ Committee in the Chapter 11 cases of pharmaceutical company Endo, among others, reaching a settlement with the debtors and first lien secured lenders regarding the Committee’s objections to various case matters, resulting in greater recovery for private opioid claimants than had initially been proposed. Represented Unsecured Creditors Committee in the Chapter 11 case of HONX, Inc.,</p>

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Lawyer	Outstanding Achievements
	<p>reaching a deal with the debtor, its parent Hess Corporation and FCR that paved the way for confirmation of the debtor’s chapter 11 plan. Represented ad hoc group of first-lien creditors in the Chapter 11 cases of Talen Energy, reaching an agreement that led the Ad Hoc Group to receive payment in full in cash on account of their claims on the effective date of the plan of reorganization. Representing Prepetition Secured Lenders (who also served as DIP Lenders and Stalking Horse Purchaser) in the Chapter 11 cases of VH Legacy/Liquidation, LLC, f/k/a Vesta Holdings, L.L.C.</p>
<p>JEREMY D. EVANS Paul Hastings LLP New York, NY jeremyevans@paulhastings.com University of Miami</p>	<p>Represented ad hoc group of first lien lenders in connection with Avison Young’s out-of-court restructuring, which de-leveraging transaction gave lenders a combination of debt, preferred equity, and 30% of Company common stock — negotiating strong minority protections for the lenders to ensure they were adequately protected — leaving 70% of the common stock with the Company’s brokers and management. Represented ad hoc group of lenders holding all termed-out revolving loans and significant majority of first lien term loans of Checkers Holdings, operator and franchisor of around 800 drive-thru hamburger quick-service Checkers® and Rally’s® restaurants, in negotiations that led to fully consensual out-of-court balance sheet restructuring that lowered Checkers’ debt burden from \$300M to \$75M, strengthened its financial position, and where the lenders provided additional \$25M capital for long-term growth initiatives. Assisted the committee of independent directors of the board of GWG DLP Funding IV, LLC, a bankruptcy remote vehicle formed by GWG Holdings. Represented ad hoc group of lenders in Illumifin’s efforts to address liquidity issues, wherein the lenders ultimately decided to defer a portion of their cash interest through “payments in kind” in exchange for significant protections for the lenders. Advised administrative agent on behalf of the lenders in restructuring a troubled infrastructure deal for Midwest Fiber</p>
<p>RAFF FERRAIOLI Morrison Foerster LLP New York, NY rferraioli@mofo.com St. John’s University</p>	<p>Counsel to Unsecured Creditors’ Committee of Wesco Aircraft Holdings, Inc., among others, assisting the Committee in seeking standing to pursue various claims and, ultimately, reaching a plan settlement that will generate significant value for general unsecured creditors. Representing Unsecured Creditors’ Committee of Peer Street, Inc., currently negotiating potential exit strategies and working with the debtors and their major stakeholders on building consensus. Counsel to Unsecured</p>

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Lawyer	Outstanding Achievements
	<p>Creditors' Committee of Clovis Oncology, Inc., among others, investigated and filed a standing motion asserting claims against prepetition secured lender, including claims to recharacterize up to \$347M of purportedly secured debt or, alternatively, to disallow up to \$175M in unaccrued interest, which claims were ultimately resolved in a settlement memorialized in the Debtors' Chapter 11 plan. Lead counsel to receiver of Columbia Pulp I, LLC, which entered receivership upon an action of the trustee for the holders of the Company's senior secured bonds to pursue a restructuring of ~\$240M in secured debt.</p>
<p>BRANDON HAMMER Cleary Gottlieb Steen & Hamilton LLP New York, NY bhammer@cgsh.com Harvard University</p>	<p>Assisted Genesis Global Holdco, LLC in, among others, contested settlement agreement with FTX and Alameda, reducing FTX/Alameda's claims from \$3.9B to \$175M, and Three Arrows Capital, reducing a \$1+B claim to \$33M; obtaining repayment of \$600+M in loans due from DCG; and winning a variety of disputes against Gemini. At the onset of "crypto winter," engaged by BitGo Trust in negotiation of a custody arrangement with FTX; Coinbase in its role as distribution agent in Celsius' bankruptcy; Coinbase in structuring and developing novel transactional structures to mitigate and limit risk in transactions with distressed counterparties; and a wide variety of creditors in submitting proofs of claim and negotiating with various debtors. Represented Miami International Holdings Inc. in its acquisition of LedgerX from Ledger Holdings Inc. in connection with FTX's Chapter 11. During the Spring 2023 banking crisis, helped over a dozen financial institution clients, including in Silicon Valley Bank's and Signature Bank's receivership proceedings; preparation of documentation, including termination notices, to handle a variety of different scenarios; correspondence and engagement with the FDIC; structuring novel repo and forward transactions with Silvergate Bank, First Republic Bank, and other regional banks; advice on regulatory, including Title VII, issues associated with transfer of positions to new institutions; guidance on treatment of custodied assets held at these firms; negotiation of collateralization and credit support arrangements; and guidance on credit, market, and other risks associated with transacting with large financial institutions. Counseled Credit Suisse as well as its counterparties on a wide variety of complex matters related to its 2023 distress and merger with UBS.</p>

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Outstanding Young Restructuring Lawyers 2024

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Lawyer	Outstanding Achievements
<p>EVAN A. HILL Skadden, Arps, Slate, Meagher & Flom LLP New York, NY evan.hill@skadden.com Fordham University</p>	<p>Guided Endo International plc in the restructuring of approx. \$8B of debt and significant contingent liabilities, including in complex mediation process that resulted in deals with multiple major creditor groups, including two official creditors' committees, several ad hoc groups of debtholders, and the U.S. Department of Justice that facilitated the development of a Chapter 11 exit plan. Advised major financial institution in connection with its investment in bedding manufacturer Serta Simmons, analyzing client's options with respect to the Chapter 11 case and, more specifically, with respect to loan trades. Assisted private equity client JLL Partners in its acquisition of defense technology company Orion Technologies LLC through Chapter 11. Core member of team advising the Special Committee of the Board of Managers of Alpha Latam Management, LLC.</p>
<p>FLORA INNES Latham & Watkins LLP Hong Kong flora.innes@lw.com University of Sydney</p>	<p>Represented Hong Kong Airlines on \$6.2B debt restructuring; Huachen Energy on its \$500M offshore bond restructuring; ad hoc committee of offshore bondholders with respect to China Fortune Land Development's restructuring of \$5B in 11 series of USD guaranteed bonds; ad hoc group of bondholders on the restructuring of the \$248M senior notes issued by MIE Holdings; steering committee of bondholders in the restructuring of 8.25% senior notes issued by Hidili Industry International Development; ad hoc committee of offshore bondholders in connection with the \$2B+ holistic debt restructuring of USD bonds, bank debts and other pri-vate debts of Powerlong Real Estate Holdings; ad hoc committee of offshore bondholders with respect to Zhenro Properties Group's restructuring of ~\$3.2B in 15 series of USD guaranteed bonds; ad hoc committee of offshore bondholders with respect to Zhongliang Holdings Group's restructuring of ~\$929M in 5 series of USD guaranteed bonds; bank syndicate in connection with Redco Properties Group's potential debt restructuring; ad hoc group of offshore bondholders in connection with \$2B+ holistic debt restructuring of USD Bonds and other offshore debts of Central China Real Estate Group; bondholders of Dexin China Holdings on potential enforcement actions against the issuer; liquidators of Tsinghua Unigroup International and Unigroup International Holdings on their application for recognition/assistance in Hong Kong and other recovery actions; and ad hoc group of private placement notes/private lenders in connection with the holistic debt restructuring of Logan Group Company.</p>
<p>CHRISTIAN JENSEN Sullivan & Cromwell LLP New York, NY jensenc@sullcrom.com Columbia University</p>	<p>Co-leads team that is acting as bankruptcy counsel for SVB Financial Group, the former parent of Silicon Valley Bank, helping the debtor reach a deal with key groups of creditors documented in a restructuring support agreement that has resulted in the filing of a plan and disclosure statement with bespoke emergence structure that will place certain assets, including the debtor's claims against the</p>

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Outstanding Young Restructuring Lawyers 2024

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Lawyer	Outstanding Achievements
	<p>FDIC, into a liquidating trust for the benefit of creditors, and forming a reorganized “NewCo” entity that will emerge with the debtor’s operating businesses and tax attributes. Has active role on S&C team that is lead counsel to FTX Trading Limited in their Chapter 11 cases, assisting the debtors on numerous transactions, investigations and litigations, helping to recover \$7.4B of assets for the estate, and formulating a reorganization plan that would pay customers in cash instead of crypto-assets, providing the full value of their assets based on the November 2022 trading price. Advised The Office of the Commissioner of Major League Baseball on issues related to Diamond Sports Group over several years and was part of the team that helped deliver a decisive trial victory that compelled the debtor’s regional sports networks to pay the full fees due under telecast rights agreements with four MLB teams. Advised Pacific Investment Management Co in connection with the financing restructuring transactions of Envision Healthcare. Representing managed funds of Fortinbras Enterprises LP and Silver Rock Financial LP, in litigation in connection with senior secured notes purchased from Lighthouse Management LLC, a managing general agent.</p>
<p>LAUREN REICHARDT Cooley LLP New York, NY lreichardt@cooley.com Brooklyn Law School</p>	<p>Represented Quanergy Systems in Chapter 11, guiding the debtor in its successful 363 asset sale, taking the lead in months-long negotiations with the unsecured creditors committee to resolve all outstanding issues, and ultimately winning court approval for the debtor’s bankruptcy plan. Advised Enjoy Technology in Chapter 11, assisting the debtor in the 363 asset sale to Asurion, the stalking horse bidder and DIP lender, for \$110M and securing confirmation of a Chapter 11 plan of liquidation that provided for significant recoveries to general unsecured creditors. Guided Unsecured Creditors Committee in the restructuring proceedings of Mallinckrodt, whose confirmed plan provided for non-opioid unsecured creditors to receive significant monetary consideration through a trust established for their benefit, the result of hard-fought settlement negotiated by the committee avoiding years of value-destructive litigation over complex legal issues. Assisted Mesothelioma Claimants Committee in the bankruptcy proceedings of LTL Management, a Johnson & Johnson subsidiary, helping the committee execute a strategy to dismiss the bankruptcy cases, which dismissal was upheld by the Third Circuit Court of Appeals. Led her firm’s cross-disciplinary, cross-border team advising Evox Therapeutics in the purchase of certain assets of Codiak Biosciences in a 363 sale, also securing for the client exclusive access to certain engineering and manufacturing rights associated with the purchased assets. Represented digital health company Thirty Madison in its strategic acquisition of certain assets of The Pill Club pursuant to a 363 sale.</p>

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Lawyer	Outstanding Achievements
<p>DAVID SCHIFF Davis Polk & Wardwell LLP New York, NY david.schiff@davispolk.com New York University</p>	<p>Representing ad hoc creditor group, which holds nearly \$1.5B of prepetition funded debt, in Enviva Biomass' Chapter 11 cases. Advising ad hoc noteholder group in Oi S.A.'s multi-billion judicial reorganization in Brazil and corresponding Chapter 15 cases in the SDNY Bankruptcy Court. Representing ad hoc noteholder group in the bankruptcy of SVB Financial Group, the holding company for Silicon Valley Bank. Led his firm's multi-year representation of ad hoc creditor group in Samarco Mineração S.A., which successfully completed a \$4.8B debt restructuring in December 2023 after years of highly contentious proceedings. Negotiated and then successfully argued for interim approval of \$257.5M DIP financing for Instant Brands. Guided ad hoc lender group in prepackaged Chapter 11 restructuring of home security company, Monitronics International, heavily involved in negotiating and structuring transactions that resulted in ~\$500M of total deleveraging and that obtained a high degree of consensus from lenders and other Monitronics stakeholders. Assisted Talen Energy Services' lead bank lender in negotiating and implementing comprehensive credit agreement amendment that resulted in significant reduction of debt exposure held by the client and other Talen lenders; negotiating, structuring, documenting and successfully defending a \$1.76B market-syndicated DIP financing; and playing key role in Talen's successful Chapter 11 restructuring, which resulted in repayment in full of secured loan claims. Advised ad hoc group of first lien term lenders of Pretium Packaging on comprehensive credit agreement amendment and new financing transaction.</p>
<p>LUKE SIZEMORE Reed Smith Pittsburgh, PA lsizemore@reedsmith.com Duquesne University</p>	<p>Advised Nova Wildcat Shur-line Holdings Inc. d/b/a H2 Brands in Chapter 11 bankruptcy and related 363 sale of assets to a joint-venture between Gordon Brothers Commercial & Industrial and Nations Capital. Assisted ON Marine Services Company LLC in obtaining confirmation of a chapter 11 plan that was fully consensual among all parties with an economic interest, and provides for establishment of a liquidating trust for the benefit of holders of asbestos claims and for funding of the trust through cash payments of roughly \$28M to be made by certain settling insurance companies and debtor's corporate parent. Representing Cyprus Mines Corporation in its Chapter 11 case, which has been pending since February 2021 and involves the proposed creation of a joint talc personal injury trust into which thousands of talc-related claims against Cyprus Mines and unrelated chapter 11 debtor Imerys Talc America, Inc. would be channeled. Represented</p>

Special Report

Outstanding Young Restructuring Lawyers 2024

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Lawyer	Outstanding Achievements
	<p>JPMorgan Chase Bank as depository institution in connection with the Chapter 11 bankruptcy case of Vantage Travel, successfully objecting to millions of dollars in potential liabilities from the debtor's pre-paid customers, stopping the proposed sale of the Bank's collateral so the Bank was able to recover all amounts previously returned to the customers in the form of ACH chargebacks. Joined colleagues in filing an amicus brief on behalf of industry group United Policyholders that addresses the important issue of insurance companies' standing to object to Chapter 11 reorganization plans</p>
<p>APARNA YENAMANDRA Kirkland & Ellis, LLP New York, NY aparna.yenamandra@kirkland.com Villanova University</p>	<p>Assisted Learfield Communications, LLC and its affiliates, a media and technology company in the college sports market, in nearly \$1B out-of-court restructuring with unanimous support from existing lenders and equity sponsors. Represented Avaya Holdings Corp., which confirmed a prepackaged Chapter 11 plan that reduced total debt by more than 75%, from about \$3.4B to \$810M, substantially increased the Company's liquidity position to \$650M, decreased its net leverage to less than 1x, and provided substantial financial flexibility to accelerate Avaya's investment in its innovative cloud-based communications portfolio, and emerged from bankruptcy protection as a privately held company. Representing Rite Aid Corporation, which entered Chapter 11 with access to roughly \$3.45B in committed post-petition DIP financing provided by its existing bank lenders and an agreement in principle with a majority of its secured bondholders on the terms of a comprehensive restructuring to delever \$4B debt load and right-size its operational footprint.</p>

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Who's Who in Sientra Inc.

Special Report: Major Trade Claim Purchasers

Special Report: Top Internet Bankruptcy Resources

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