

Bankruptcy Group Of The Year: Cleary Gottlieb

By **Max Stendahl**



Law360, New York (January 12, 2015, 5:23 PM ET) -- Cleary Gottlieb Steen & Hamilton LLP helped oil tanker giant Overseas Shipholding Group Inc. sail out of Chapter 11 and orchestrated other novel restructurings in Brazil and Puerto Rico, earning the firm a spot among Law360's Bankruptcy Practice Groups of the Year.

Cleary has a core team of 50 bankruptcy partners and associates worldwide. The group routinely finds itself representing clients on all sides of the restructuring process, including debtors, major creditors, bondholders and sovereign entities.

In one landmark case, Cleary served as lead counsel to Overseas Shipholding Group. The company marked a course for Chapter 11 in 2012, citing weak demand for oil amid a global downturn and a tax issue that cast doubt on its financial reporting.

Cleary's attorneys helped OSG gain the first-ever recognition of Chapter 11 in South Africa — a critical component of the restructuring since most of the company's oil tankers can't fit through the Suez Canal and subsequently port in South Africa, according to partner Jim Bromley. The firm also resolved cash collateral disputed with lenders in China and Denmark, overhauled vessel charter agreements, and secured recognition of Chapter 11 in London.

In July, a Delaware judge approved OSG's restructuring plan, which places the company under the ownership of former shareholders while providing for the infusion of more than \$1.5 billion in new equity and \$1.3 billion in exit financing.

"By stabilizing the business, we were able to make the restructuring decisions that allowed it to come out," Bromley said.

In another headline-grabbing case, Cleary is representing the Puerto Rico Electric Power Authority, or PREPA, the largest municipal utility in the U.S., as it seeks to restructure over \$9.5 billion of debt. The firm helped to draft legislation aimed at helping the electric utility keep public services flowing and restructure in the event that closed-door negotiations with bondholders don't result in a consensual deal. The law, however, has sparked a legal challenge from bondholders.

"Our firm is unique in that our restructuring attorneys are trained to be, or expected to be, skilled in corporate restructuring and all aspects of bankruptcy court practice," said Lisa Schweitzer, a New York-

based partner. “From the most senior partners down to the most junior associates, we look for opportunities where people can develop their skills.”

Cleary helped break new ground by counseling financial creditors as part of the restructuring of \$5.8 billion of debt by Óleo e Gás Participações SA, formerly known as OGX, one of the largest oil and gas companies in Brazil. According to Cleary, the case represents the largest debt for equity restructuring in Latin American history.

The firm’s bankruptcy team also has trial chops, as evidenced by its recent representation of defunct telecom Nortel Networks Corp.’s U.S. estate. The case involved an unprecedented seven-week trial that linked courtrooms in Delaware and Ontario via web video in order to allocate \$7.3 billion in proceeds realized from sales of the telecom’s assets.

“The trial is significant because of its procedural uniqueness and because we finally brought closure to the work that’s been done to preserve and maximize the value of the assets,” said Schweitzer, who serves as lead U.S. restructuring counsel for Nortel.

The firm’s bankruptcy lawyers have footprints in the U.S., Europe, Asia and elsewhere, but the globe-trotting firm isn’t content to rest on its laurels. Recent expansion efforts could continue in Latin America, which is expected to be fertile ground for restructuring work in coming years.

Bromley said the firm doesn’t recruit attorneys by practice group but by office, looking for candidates who are comfortable working in cross-border matters.

“We recruit on a ‘best-athlete’ model,” Bromley said. “We’re looking for people who are global citizens, who are comfortable with matters that span legal regimes.”

--Editing by Philip Shea.