Portfolio Media. Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Bankruptcy Group Of The Year: Akin Gump

By **Jamie Santo**

Law360, New York (January 17, 2013, 1:42 PM ET) -- Bringing together disparate creditor constituencies and bringing home better-than-expected recoveries in billion-dollar bankruptcies such as Washington Mutual Inc. and Dynegy Holdings LLC brought the restructuring pros at Akin Gump Strauss Hauer & Feld LLP a place among Law360's Bankruptcy Groups of the Year.

Representing committees has long been an Akin Gump calling card, and the firm burnished that reputation in 2012, a year that saw creditor-friendly Chapter 11 plans confirmed in long-standing cases such as WaMu and St. Vincent Catholic Medical Centers of New York, as well as contentious newcomers such as Dynegy.

Led by partner Fred Hodara, the firm's financial restructuring practice has represented unsecured creditors in more than 200 major restructurings since 2000, a situation that highlights the "recognition we have from the kind of creditors that show up repeatedly on these committees and the kind of results we achieve."

Unsecured creditors caught up in the Washington Mutual meltdown can attest to just what the firm can accomplish, for when the financial giant's bankruptcy began in 2008 they saw its bonds trading at 20 cents on the dollar.

After Akin Gump's years of yeoman service on behalf of the creditors committee, culminating in a monthslong push finalize a liquidating plan and get it confirmed, their outlook was much improved, as the plan that went effective in March 2012 paid unsecured creditors in full.

"Creditors know that the people who pitch our deals are the ones who carry them through," Hodara said. "We enjoy our work, and everyone is a hands-on practitioner."

The parties that comprise a typical committee — trade creditors, governmental entities, lenders and unions — may bring different agendas to the table, Hodara said, but all of them "know they can trust us to be objective within the committee room and to harmonize their interests."

There were plenty of disparate voice to unite in the Dynegy Holdings case, a Chapter 11 that got off to a contentious start thanks to parent Dynegy Inc. moving its most valuable asset out from under the company just before the November 2011 filing.

Representing the creditors committee, Akin Gump was right in the middle of the litigation and mediation, partner Ira Dizengoff said, but perhaps the biggest value it provided to its constituents was the firm "allowed people understand their relative strengths and weaknesses."

The resulting negotiation were fascinatingly complicated, Dizengoff said, but ultimately got to the right result.

The plan confirmed in September 2012 gave creditors 99 ownership in a new entity formed by the merger of Dynegy and parent Dynegy Inc.

Akin Gump's approach to restructuring is constructive, a goal-oriented outlook leads to deals whose benefits resound beyond the firm's own constituents.

"We're practical," Hodara said, "so while we are great advocates for our clients' interests, we always have an eye on achieving those interests wherever possible through consensual deals."

The Eastman Kodak Co. case, where the firm's recent efforts arranging new financing managed to improve the situation for both its clients and the iconic company, provides an illustrative snapshot of that idea in action.

The financing deal Kodak had in place was troubling to the firm's clients, an ad hoc group of second-lien noteholders, as it threatened to put hundreds of millions of dollars between them and recovery, partner Michael Stamer said.

Working with the company, Akin Gump helped engineer a new $830 million package that allowed the lenders to roll up debt on a pro-rate basis, invited everyone to participate and drew praise from Kodak's CEO, who appreciated the longer maturity, lower fees and pricing, and added liquidity it provided.

"The deal improved greatly the relationship between the debtor and its second-lien noteholders," Stamer said, taking a case which seemed destined for very active litigation and putting it on a smoother path toward reorganization.

While Akin Gump's customary creditor practice continued apace in 2012, the past year saw the restructuring group establish itself as counsel for the debtor as well.

The firm shepherded TerreStar Networks Inc. and parent TerreStar Corp. toward confirmed Chapter 11 plans in February and October, respectively, and took onPinnacle Airlines Corp. when it descended into bankruptcy in April carrying more than a billion dollars in assets and debts.

The expansion into the debtor's side is the result of concerted effort, Hodara said, and the recent results have been gratifying.

"Frankly, we've been aiming for it for a couple of years, and in 2012 started to get meaningful traction," he said.

Like a lot of things at Akin Gump, some of this newfound strength flows from the relationships the group has developed with committee constituents.

"For the longest time, we've been historically creditor-bent," Dizengoff said. "As a result, where our clients end up in equity positions, they now come to us when there are complex, multifaceted issues."

The lion's share of Akin Gump's roughly 50-man restructuring practice is housed in New York, but with offices in Washington, Dallas and Los Angeles, it has the flexibility to represent clients around the country.

"We really look at ourselves as an integrated national group," Hodara said.

Its attorneys can converge from either side of Amtrak's Northeast Corridor for a bankruptcy in Delaware, or take a less traveled path to court, as was the situation in the St. Vincent's case, where Dallas-based partner Sarah Link Schultz co-led the creditors committee for the venerable Greenwich Village hospital .

Heading forward, Akin Gump is always a good bet to appear wherever a creditors committee is being formed, and with the restructuring team already busy preparing petitions for a pair of large Chapter 11s, the firm should be a more frequent sight at the debtor's table in 2013 as well.

"I think we can now say it's truly a meaningful part of our practice," Hodara said.

--Editing by Katherine Rautenberg.
