

The guide to specialist cross-border restructuring
and insolvency practices 2018



Global
Restructuring
Review

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2018

Young Conaway Stargatt & Taylor

The Delaware firm won a GRR Award for its work on the innovative restructuring of Ukraine's Metinvest

Global head of restructuring and insolvency	Pauline Morgan
Restructuring lawyers in Who's Who Legal	6

History of the practice

Young Conaway was founded in 1959 by **Hy Young, James Conaway, Bruce Stargatt** and **William Taylor**. Its highly regarded bankruptcy and restructuring practice – which is the largest in the US district of Delaware – has experience across a number of sectors including energy, financial and professional services, food and beverage, healthcare, media and real estate.

Network

The bankruptcy group is based in Wilmington, where partner **Pauline Morgan** heads the practice. It has played a leading role in most significant bankruptcies in the district.

The wider firm also has offices in Georgetown and New York.

Who uses it?

Young Conaway Stargatt & Taylor represents debtors, creditor committees, secured and unsecured creditors, purchasers, plan sponsors, and shareholder groups in jurisdictions throughout the US and further afield. It has particular experience advising private equity funds on distressed portfolios.

Past clients include Canadian gold miner Crystallex International, Chicago-based publisher Sun-Times Media Group, holding company Indalex Holdings Finance, and one of the oldest professional baseball teams in the US, the Los Angeles Dodgers.

Historic track record

The firm played a major role in the huge US\$7.3 billion cross-border insolvency of the global telecoms group Nortel Networks, advising the joint administrators of Nortel Networks UK and its affiliated debtors in the US.

Morgan was instructed by the world's largest print maker AbitibiBowater in the cross-border restructuring of its US\$6 billion debt. It successfully emerged from CCAA and Chapter 11 proceedings at the end of 2010 and later changed its name to Resolute Forest Products.

She also represented women's retailer Coldwater Creek in Chapter 11 proceedings initiated to restructure the firm's US\$361.3 million debt.

In another significant case, the firm acted as co-counsel, with Willkie Farr & Gallagher, to Canadian gold miner Crystallex in its Chapter 15 proceedings in Delaware following an initial CCAA filing in Canada.

Elsewhere, in New York, it served as special counsel for Irving Picard – the trustee to the Madoff estate – following the US investor's US\$65 billion Ponzi Scheme.

Recent events

During the research period, Young Conaway Stargatt & Taylor helped complete the US\$2.7 billion restructuring of Ukrainian steelmaker Metinvest via three schemes of arrangement in the UK filed in parallel with three separate Chapter 15 recognition proceedings in Delaware. Baker & McKenzie and Allen & Overy advised on the UK schemes, while Young Conaway did the US side. All three firms picked up an award for the deal at the inaugural *GRR* Charity Awards ceremony in 2017 for “innovation in cross-border insolvency and restructuring”.

Three Japanese debtors in the Takata group hired Young Conaway Stargatt & Taylor as US counsel in a Chapter 15 application to recognise their Tokyo bankruptcy processes, and also for the Chapter 11 proceedings of their US affiliate TK Holdings. Takata entered bankruptcy in June 2017 following the global recall of around 120 million faulty airbag inflators it had produced. The Delaware court recognised Takata's Japanese bankruptcy in November 2017, rejecting objections from drivers who had commenced a multi-district litigation against the group. In April 2018, all of Takata's global assets – bar those related to the manufacture of airbag inflators – were sold to Michigan-based competition Key Safety Systems for US\$1.6 billion, after a settlement was reached between the company, creditor groups, and injured drivers.

With Cleary Gottlieb Steen & Hamilton, and Stevens & Lee, the firm also acted for temporary buildings provider Modular Space Holdings in a pre-pack Chapter 11 case. Modular Space's pre-pack plan was approved in February 2017 after an Ontario court recognised its Delaware proceedings as foreign main proceedings – a necessity since one of the Chapter 11 debtors was Canada-incorporated.

In other Canada-related matters, the firm acted as US counsel to sports equipment manufacturer BPS Holdings – a subsidiary of New Hampshire-based Performance Sports Group – and its affiliates in dual plenary proceedings under the US Bankruptcy Code and the Companies Creditors Arrangement Act (CCAA) in a case that also featured a cross-border protocol.

It was also counsel to the foreign representative of Canada's Catalyst Paper Corp, alongside Sidley Austin. Catalyst and 13 Canadian and US affiliates were restructured under the Canada Business Corporations Act in a plan that became effective in January 2017. The plan was recognised in Delaware under Chapter 15 where the court agreed to apply section 365(e) of the US Bankruptcy Code on assumption or rejection of executory contracts and unexpired leases.

Just at the beginning of the research period, Young Conaway also helped New Zealand-based auto parts group UCI Holdings and its US subsidiaries complete a Chapter 11 plan and exit bankruptcy by the close of 2016. The group's Delaware proceedings received recognition in New Zealand in July 2016 under its Insolvency (Cross Border) Act 2006.