



Special Situations and Restructuring

Providing creative strategies and practical advice for special situations involving complex and unique capital structures is a core strength of our firm.

From making debt and equity investments, to capitalizing on distressed and other special situation events, to restructuring existing investments or implementing exit strategies—investors, including commercial banks, private equity, credit and special situations funds, as well as institutional investors, indenture trustees, administrative agents, and independent directors, turn to Chapman for investment, special situations and restructuring advice.

Chapman's Special Situations and Restructuring group serve as critical legal strategists and negotiators for investors and financial stakeholders and advise on strategic and value-maximizing business opportunities. The group's broad finance, M&A, equity, restructuring, and bankruptcy experience helps clients structure event-driven and special situation investments to achieve business objectives in the most efficient and cost-effective manner possible. Our areas of concentration include:

- Restructuring and Bankruptcy
- Distressed Investing
- Special Situation Lending
- Private Equity M&A
- Joint Venture and Early-Stage Investing

Featured Trending Sectors

While our Special Situations and Restructuring team has in-depth industry experience across a wide range of sectors, the gaming, health care and senior living, life sciences, and real estate sectors have been particularly active. A sampling of notable Chapman engagements are highlighted below.

Attorneys

David T.B. Audley
David L. Batty
Michael T. Benz
Mia D. D'Andrea
Anthony M. DiGiacomo
Michael Friedman
Larry G. Halperin
Joon P. Hong
Helena Honig
Bryan E. Jacobson
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Carson M. Klarck
Nicole C. Krol
René J. LeBlanc-Allman
Scott A. Lewis
Joseph P. Lombardo
Kristine M. Osentoski
Christopher A. Pellegrini
William C. Petraglia
Bart Pisella
Catherine Rossouw
Meghann Salamasick
Eric Silvestri
Joshua M. Smith
James P. Sullivan
Simone Tatsch
Stephen R. Tetro II
Nicholas A. Whitney

Gaming

Chapman serves as counsel for transactions involving the acquisition, sale, and financing of casinos, racetracks, and racinos. Notable engagements include:

- Counsel to Clairvest Group Inc. and Rubico Gaming LLC in a joint venture to acquire the Delaware Park casino and racetrack in Wilmington and in connection with the financing of such transaction.
- Counsel to Spectacle Entertainment, majority partner in a joint venture, in connection with the acquisition of the Majestic Star riverboat casinos and, later, the financing and development of the Hard Rock Northern Indiana Casino in Gary.
- Counsel to Clairvest Group Inc. in the purchase of an equity interest in video gaming company Accel Entertainment, Inc.
- Counsel to Centaur Holdings, LLC in connection with its acquisitions of two casinos and horse racing tracks (racinos) located in Indiana pursuant to a chapter 11 plan of reorganization and a section 363 sale, and followed by, years later, the sale of the two racinos to Caesars Entertainment for \$1.7 billion.

Health Care and Senior Living

Chapman serves as counsel for transactions to finance a broad spectrum of workouts, mergers, acquisitions, and asset purchases in the health care sector, including health care institutions, skilled nursing facilities, physician practices, and senior living communities, device and pharmaceutical manufacturers and suppliers, and technology providers. Notable engagements include:

- Bankruptcy co-counsel to Avadim Health, Inc., a health care and wellness company, in the sale of substantially all of its assets to a European-based private credit alternative asset management firm in a section 363 sale. Prior to entering bankruptcy, Chapman represented the Restructuring Committee of Avadim Health's Board of Directors.
- Counsel to a commercial bank in its \$1.5 billion acquisition of a portfolio of health care equipment leases and loans involving 1,100 hospitals and 3,600 physician practices and diagnostic and imaging centers across the US. The transaction included a five-year vendor finance program agreement.

Areas Of Concentration

Distressed Investing
Joint Venture and Early-Stage Investing
Private Equity M&A
Restructuring and Bankruptcy
Special Situation Lending

- Counsel to continuing care retirement community (CCRC) operator Covenant Living as the successful bidder in three section 363 sales for the assets of CCRCs in Indiana, New Hampshire, Oklahoma, and Texas.
- Counsel to a secured lender in the restructuring of loans to a pain management company.
- Counsel to administrative agent in workout of loan to MSO serving pain management clinics.

Life Sciences

Chapman represents private credit lenders and borrowers in financing transactions for early- and late-stage companies involved in biotechnology, pharmaceuticals, medical devices, diagnostics, and digital health. Notable engagements include:

- Counsel to a life sciences company in connection with the structuring of a \$40 million loan, with an additional accordion facility of up to \$20 million and associated warrants, involving a European-headquartered investment firm.
- Counsel to life sciences hedge fund in connection with a \$20 million senior debt facility for a biotechnology company pioneering a new class of small-molecule drugs that selectively destroy disease-causing proteins via degradation.
- Counsel to a North Carolina-based medical devices company in connection with the issuance of convertible notes.
- Counsel to life sciences hedge fund in connection with a workout of a secured debt investment.

Real Estate

Chapman represents lenders and investors in various types of real estate transactions involving a wide range of assets, including hotels, retail centers, residential and office buildings, manufacturing facilities, and warehouses. Recent notable transactions include:

- Counsel to Mishmeret Trust Company Ltd., an Israel-based trustee, in connection with the restructuring of \$750 million of bonds issued by All Year Holdings Ltd. including:
 - the sale of a 911-unit residential apartment building complex located in Brooklyn, New York part of which served as collateral for \$250 million of bonds;
 - the multi-jurisdictional bankruptcy proceedings of All year Holdings in the Southern District of New York, the British Virgin Islands and Israel; and
 - the restructuring of \$180 million of bonds secured by the William Vale Hotel located in Brooklyn, New York.
- Counsel to the trustees appointed by the Tel Aviv Court in connection with the restructuring of approximately \$254 million of Tel Aviv Stock Exchange traded bonds issued by Starwood West Limited, a British Virgin Islands issuer whose subsidiaries own and operate seven shopping malls located in the US, including the out-of-court workout and modification of over \$600 million of CMBS loans backed by six

shopping malls.

- Counsel to several Israeli investment funds in connection with mezzanine and secured loans, including acquisition, inventory and construction loans, to owners of commercial and residential real estate located in the US.
- Counsel to an Israel-based equity investor in a joint venture to acquire single family homes located in the US.
- Counsel to not-for-profit higher education institution in connection with the assignment of its rights under a long-term lease to a not-for-profit tenant.
- Counsel to the independent manager of Wardman Hotel Operator, LLC, the owner of a 1,100 room hotel and conference center in Washington, DC through the company's bankruptcy filing, section 363 sale, and liquidation under a plan of reorganization.

Engagements

First Israeli International Senior Unsecured Note Issuance
July 2022

\$506 Million Sale of New York Residential Apartment Buildings
December 2021

Acquisition and Financing of Delaware Park Casino and Racetrack

First International Green CoCo Bond Issuance by Israeli Bank
October 2021

Israel's First Internationally-Issued CoCo Notes
September 2021

Acquisition of Measurement and Control Business of Emerson Electric
September 2021

Chapter 11 Section 363 Sale
August 2021

Restructuring of Tel Aviv Stock Exchange Traded Bonds
February 1, 2021

Acquisition of High-Precision Metal Components Supplier
November 2020

Acquisition of Commercial Vehicle Suspension Component Supplier
November 2020

Special Situations and Restructuring Record Updates

January 2023 (Originally Published August 23, 2022)

You Can't Subordinate Me, I Am a Senior Secured Creditor, Right?

October 31, 2022

Fifth Circuit Hands Holders of Bankrupt *Ultra Petroleum* Unsecured Bonds a Major Make-Whole Victory While Gutting Make-Whole Entitlements in Louisiana, Mississippi and Texas, Ending Years of Speculation and Legal Wrangling

July 11, 2022

Delaware Supreme Court Holds Transfer of Assets by Insolvent Company to its Creditors Required Shareholder Vote; Leaves Open Question of Statutory Requirements

April 7, 2020 (Updated June 28, 2022)

Congress Acts to Preserve the Increased Debt Eligibility Threshold of the Small Business Reorganization Act of 2019

May 19, 2022

No Shareholder Vote Needed for Insolvent Company to Transfer Assets to Secured Creditors

May 2022

Important Court Rulings Arise from Puerto Rico's Economic Crisis

February 22, 2022

Independent Directors of Distressed Companies: Considerations for Appointment to the Governing Board

January 26, 2022

Puerto Rico Confirms a Plan of Adjustment under PROMESA

January 18, 2022

In *Hertz*, the Delaware Bankruptcy Court Provides Guidance on Make-Whole Claims and Post-Petition Interest Payable in Solvent Debtor Cases

September 13, 2021

Screening for ESG Criteria in Lending and Investment Transactions

April 2021

The Bankruptcy Safe Harbors Are Not Necessarily Safe for Financial Institution Customers

January 13, 2021

Consolidated Appropriations Act, 2021 Offers Temporary Relief to Certain Landlords and Suppliers from Preferential Transfer Liability

September 2020

Strictly Speaking: What Lenders Need to Know about Strict Foreclosure and Restructurings

July 31, 2020

Strictly Speaking, Part III: How Can a Lender Incentivize Management in a Strict Foreclosure?

July 23, 2020

Strictly Speaking, Part II: How Can a Lender Effect a Strict Foreclosure?

July 16, 2020

Strictly Speaking: Strict Foreclosure Can Provide an Efficient Smooth Exit for Lenders in the Right Circumstances

July 7, 2020

For Lenders – Navigating Main Street Loan Considerations

June 10, 2020

Paycheck Protection Program Flexibility Act of 2020: Changes to the PPP Ahead of Its June 30 Termination Date

May 28, 2020

Small Business Administration: Loan Forgiveness under the Paycheck Protection Program

May 11, 2020

Preferred Shareholder Denied Right to Block Bankruptcy Filing by Delaware Bankruptcy Court

May 7, 2020 (Updating an April 14, 2020 Client Alert)

Updates to the Main Street Loan Facilities Offered by the Federal Reserve

April 2020

Bankruptcy and Aircraft Finance

April 9, 2020

Business Tax Provisions in the CARES Act

April 1, 2020

The Impact of COVID-19 on Pending and Newly Scheduled Court Hearings

April 1, 2020 (Updating a March 31, 2020 Client Alert)

Small Business Administration: The Paycheck Protection Program under the CARES Act

March 30, 2020

New Financial Support Programs for Businesses, States, and Municipalities in CARES Act

March 27, 2020

Lender Considerations with Respect to Existing Middle Market Credit Facilities in Light of the COVID-19 Pandemic

March 19, 2020

The Impact of COVID-19 on Pending and Newly Scheduled Court Hearings

December 2, 2019

Although Not a Game Changer, Sun Capital Court Reverses Lower Court Regarding Private Equity Investment Fund's Responsibility for Portfolio Company's Pension Liability

November/December 2019

Vigilant Monitoring Can Provide Long-Term Protection Against Bankrupt Customers

September 26, 2019

Beyond the Four Corners: Seventh Circuit Holds That a UCC Financing Statement May Incorporate a Collateral Description by Reference to Sufficiently "Indicate" the Collateral for Purposes of Perfection

July/August 2019

First Circuit Panel Opens Protections Available to Special Revenue Bondholders

July/August 2019

Stipulated Loss Value Provisions Used for Damages Purposes Held to Be Unenforceable as a Penalty by the U.S. Bankruptcy Court for the Southern District of New York

July/August 2019

Appeal of a Municipal Plan of Adjustment Held to Be Equitably Moot by the Ninth Circuit

July/August 2019

Second Time's a Charm: First Circuit Finds That Financing Statement Amendments Saved Defective Collateral Description

June 2019

One Step Back? Ohio Bankruptcy Court Finds That a Hedging Power Purchaser Is Not a "Forward Contract Merchant" Entitled to the Bankruptcy Code Safe Harbor Protections

May 7, 2019

It's Just Not Yours Anymore: Southern District of New York Holds That a Bank's Post-Petition Administrative Freeze of a Debtor's Bank Account Does Not Violate the Automatic Stay

Spring 2019

Opportunistic Investors' Drive to Accelerate Termination of a CDO Hits a Dead End

March 12, 2019

Fifth Circuit Declines to Enforce Make-Whole Provisions in Bankruptcy

March 11, 2019

Missed Appointment: First Circuit Finds That Puerto Rico Oversight Board Needs Advice and Consent of the Senate

February 2019

Delaware District Court Supports Secured Creditor Gift Plans

January 2019

Sixth Circuit Weighs in on the Meaning of "Governmental Unit"

December 5, 2018

"Mere Conduit" Defense is Alive and Well in the Eleventh Circuit

November/December 2018

Seventh Circuit Holds That the Illinois Department of Revenue Must Present Evidence to Support the Value of Its Claim for Adequate Protection in a Section 363 Sale

November/December 2018

A Lease by Any Other Name Would Not Smell as Sweet: Fifth Circuit Denies "True Lease" Status to a "Sale" of Software

November/December 2018

More Cautionary Tales in Puerto Rico's Restructuring

October 2018

Bankruptcy Desk Reference for Equipment Lenders and Lessors

October 11, 2018

SDNY Decision Could Inject Uncertainty into 363 Sales

September 14, 2018

Plan Opponents' Appeal Goes down the Sewer—the Eleventh Circuit Holds the Ratepayers' Appeal in Jefferson County Is Equitably Moot

June 20, 2018

Designated Survivor: Ninth Circuit Rejects Designation of Secured Creditor's Unsecured Claim under Section 1126(e) of the Bankruptcy Code

May 2018

All Is Not Lost: Courts Allow Debtors to Redeem Sold Real Estate Taxes in Bankruptcy to Avoid Losing Their Property

May 14, 2018

New Jersey District Court Holds That a Real Estate Tax Foreclosure Sale Can Be Set Aside as a Preference under Section 547 of the Bankruptcy Code

April 17, 2018

Non-Consensual Third-Party Releases Held Enforceable in Chapter 15 Proceeding

March 2018

Defaulted Securities: The Guide for Trustees and Bondholders

April/May 2018

All Is Not Lost: Courts Allow Debtors to Redeem Sold Real Estate Taxes in Bankruptcy to Avoid Losing Their Property

February 7, 2018

First Circuit's Old Cold Decision Cools Fears of Expanded Scope of Jevic's Reach; Declines to Apply Jevic to Disturb Assumption of Liabilities in 363 Sale that may have Violated Absolute Priority Rule

February 6, 2018

Puerto Rico Court Reduces Protections Available to Special Revenue Bondholders

February 5, 2018

The Bankruptcy Eligibility of Quasi-Government Entities

January 22, 2018

Third Circuit Confirms Limits of the Rooker-Feldman Doctrine

January 11, 2018

Bankruptcy Eligibility Ruling: In re Lombard Public Facilities Corporation

December 2017

Chapman Partner Michael Friedman Discusses "Gifting" Among Creditors in New Debtwire Podcast

November 2017

Why the Assignability of Intellectual Property Licenses in Bankruptcy Might Not be Settled After All

November 27, 2017

Life is Not a Bowl of Cherries for PACA Claimant Objecting to Cash Collateral Use:
In re Cherry Growers, Inc.

October 30, 2017

Second Circuit Reverses MPM Silicones' "Prime Plus" Formula for Cramdown Interest Rates, Delivering Secured Creditors a Welcome Victory and Resetting Market Expectations

October 19, 2017 (Originally Published October 4, 2017)

Make-Whole Update: Texas Bankruptcy Court Awards Unsecured Bondholders' 'Enormous' Make-Whole Claim, with Interest, Over Solvent Debtors' Objection

October 19, 2017

On Second Thought: Delaware Bankruptcy Court Denies \$275 Million Breakup Fee Despite Earlier Approval

October 18, 2017

On Second Thought: EFH Court's Extraordinary Move

October 5, 2017 (Originally Published September 14, 2017)

Puerto Rico Court Recognizes Limit to Bankruptcy Code's Statutory Lien Definition

October 2017 (Originally Published July 25, 2017)

Pro Rata Sharing Provisions in Credit Agreements: What Lenders and Loan Investors Need to Know

September 2017 (Originally Published June 25, 2017)

Equipment Leases in Bankruptcy: A Plan for Riding out the Storm

September 2017 (Originally Published May 10, 2017)

In Case of First Impression, Illinois Appellate Court Holds That Senior Lender's Material Breach of Intercreditor Agreement Warrants Partial Subordination of Senior Debt

August 25, 2017

In Delaware, the Gift Plan Is Not Dead Yet

August 24, 2017

The Gift Plan: Dead or Alive?

July 2017

Nick Whitney Discusses the Exodus of Credit Value and Other Leveraged Loan Trends on the New Xtract Research Podcast

May 23, 2017

Sixth Circuit Holds That a Perfected Assignment of Rents Precludes a Debtor's Use of Rents as Cash Collateral

May 5, 2017

Not Everything You Bargained For? Ninth Circuit Holds That a Secured Creditor Holding a Non-Recourse Mortgage is Barred from Asserting a Deficiency Claim Following the Foreclosure of the Collateral

April 13, 2017

Justice Deferred: What High Court Won't Review In Lakeridge

March 2017

Chapman Partner Michael Friedman Discusses the U.S. Corporate Loan Market for Israeli Investors

March 2017

Companies Are Using Covenants to Restructure Their Capital Structure and Prime Existing Debt — What Lenders and Debt Investors Need to Know

March 9, 2017

Not Just Boilerplate — The Importance of Always Verifying a Forum Selection Clause in a Commercial Contract

February 14, 2017

What You Need to Know about "Unrestricted Subsidiaries"

February 8, 2017

The Subordination of Equity-Related Claims in Bankruptcy

February 6, 2017

Ninth Circuit Questions Subordination of Equity-Related Claims in Bankruptcy

January 25, 2017

Second Circuit Rolls Back Expansive Trust Indenture Act Interpretation

December 29, 2016

Distressed Investing: New York's Highest Court Holds — a Trade is a Trade

November 22, 2016

Is Momentive Losing Momentum?

November/December 2016 (Originally Published August 31, 2016)

Credit Bidding: Has the "Fisker" Threat Subsided?

Municipalities in Distress? How States and Investors Deal with Local Government Financial Emergencies

October 21, 2016

Equitable Mootness in the Municipal Bankruptcy Context

October 12, 2016

Sixth Circuit Dismisses Appeal of Detroit's Plan of Adjustment as Equitably Moot

October 6, 2016

Chapman Attorneys Discuss Credit Bidding on Debtwire Radio (Podcast)

September 27, 2016

Tax Sales and Fraudulent Transfers: Two Approaches

September 2016

Midstream Oil & Gas Contracts Seeing Changes Following Bankruptcy Court Scrutiny

September 19, 2016

In Departure from Seventh Circuit, Ninth Circuit Holds Tax Sales Are Not Fraudulent Transfers

June 30, 2016

Congress Approves Measures to Return Puerto Rico to Financial Stability

June 2016

Leveraged Lending Guidelines, New Debt Structures and Pitfalls in Bankruptcy

June 27, 2016

Make-Whole Update: Delaware Bankruptcy Court Rules Intercreditor Agreement Does Not Permit First Lien Noteholders to Demand Payment of Previously Disallowed Make-Whole from Junior Noteholders

June 23, 2016 (Originally Published May 31, 2016)

Red Or Black? Difficult Decisions Ahead for Atlantic City

June 15, 2016

U.S. Supreme Court Rejects Puerto Rico's Attempt at State-Level Restructuring Regime

May 31, 2016

New Jersey Approves Atlantic City Stabilization Plan

May 26, 2016

Are You an Over-Secured Lender in Your Borrower's Bankruptcy? Beware: You May Still Not Be Entitled to Receive Post-Petition Interest

May 25, 2016

A Cautionary Tale for Over-Secured Creditors

May 24, 2016

Municipal Bankruptcy, Atlantic City and Other Games of Chance

April/May 2016 (Originally Published January 22, 2016)

The Seventh Circuit Ups the Ante in an Instructive Decision Affirming the Power of Bankruptcy Courts to Stay Litigation

March 30, 2016

Illinois Supreme Court Invalidates Chicago Pension Reform Law

March 24, 2016

The Aftermath of EMC and Caesars: Trust Indenture Act Claims Brought by Objecting Bondholders

February 29, 2016

Make-Whole Update: Delaware District Court Follows New York's Lead in Disallowing Make-Whole Premium in Bankruptcy — Dispute Moves to Third Circuit

February 18, 2016

A Sui Generis Approach to 'Insider' Status in Bankruptcy

February/March 2016 (Originally Published October 15, 2016)

The LSTA Publishes Detailed Response to the ABI Commission's Proposed Bankruptcy Reforms

November 12, 2015

EFH Ruling Impairs Creditor Reliance on Indenture Trustees

September 24, 2015

So Long as It's Your Own Money — Third Circuit Allows Secured Creditors to Gift Value to Junior Creditors to Resolve Sale Objection Even When More Senior Creditors Receive Nothing

September 2015 (Originally Published June 24, 2015)

Judgment Creditors: How Building a Strong Record During Citation Proceedings Can Pay Dividends in Bankruptcy

August 13, 2015

Unitranche Facilities and the Jurisdiction of Bankruptcy Courts: RadioShack's Chapter 11 Leaves Questions Unanswered

July 30, 2015

The Precedential Value of Sagamore Partners

July 27, 2015

Legislation Opens a New Chapter for Municipal GO Bondholders in California

July 24, 2015 (Originally Published June 15, 2015)

Vote More Than Once? Numerosity And Possible Reform

July 23, 2015

Another One Bites the Dust — Energy Future Decision Likely Precludes Future Arguments to Lift the Automatic Stay in the Make-Whole Context

July/August 2015

S.D.N.Y. Affirms MPM Silicones' "Prime Plus" Formula for Cramdown Interest Rates, Likely Harming Creditor Recoveries

July 14, 2015

First Circuit Affirms Invalidity of Puerto Rico's Public Corporations Debt Enforcement and Recovery Act

July 8, 2015

Marblegate II and the "Tyranny of the Minority" – Another Weapon is Added to Bondholders' Arsenal to Disrupt Exchange Offers and Restructurings

July 2, 2015

Challenges Ahead for Chapter 11 Retained Professionals: The Implications of Baker Botts v. Asarco

June 16, 2015

Change of Control Defaults: Healthways Case May Put Lenders' Protections in Doubt

June 15, 2015

Can You Vote More Than Once? The Bankruptcy Code's Current "Numerosity" Standard Under 1126(c) and Possible Reform

June 2015

The ABI Commission on Reform of Chapter 11 Final Report: What Secured Creditors Need to Understand

May 18, 2015

S.D.N.Y. Affirms MPM Silicones' "Prime Plus" Formula for Cramdown Interest Rates, Likely Harming Creditor Recoveries

May 12, 2015

It's Not All Bad: ABI Proposals That Could Benefit Secured Creditors

May 5, 2015

Does Your Intercreditor Agreement Properly Protect You? Common Mistakes and How to Fix Them – Lessons Learned From the MPM Silicones and RadioShack Cases

March 13, 2015

The Trust Indenture Act has Reemerged as a Powerful Tool for Objecting Bondholders Outside of Bankruptcy

February 19, 2015

If It Walks Like a Duck... In re Duckworth: Another Warning to Lenders to Take Care in Drafting Security Documents

February 10, 2015

Puerto Rico Recovery Act Ruling Reaffirms Creditor Expectations

February 6, 2015

Court Finds Mistaken Filing Terminates Security Interest Securing \$1.5 Billion Loan

February 2, 2015

Your Blanket (Lien) May Have Holes: Proposed Amendments May Further Erode Secured Lenders' Rights

January 27, 2015

Can Bankruptcy Sales Be Free and Clear of Unknown Future Claims?

January 15, 2015

Twin Daggers: Proposed 363(x) Amendments and Revisions to Adequate Protection Provisions Would Significantly Erode Secured Creditors' Recoveries

January 5, 2015

Redemption Option Value: Broad Implications for Secured Lenders

January 2015

I'm a Secured Creditor so I'm Entitled to Default Interest, Right?

December 23, 2014

If It Walks Like a Duck...In Re Duckworth: Another Warning to Lenders to Take Care in Drafting Security Documents

December 17, 2014

The ABI Commission on Reform of Chapter 11 Issues Final Report: What Secured Creditors Need to Understand

November 5, 2014

Delaware Supreme Court Rules that a Mistaken Filing Can Terminate Security Interest

October 2014

2014 Creditors' Rights: Implications of a Changing Landscape for Secured Creditors

September 29, 2014

MPM Silicones Latest Court to Whittle Away at Secured Creditor Protections: Plan Confirmed Providing Secured Creditors with Below Market Replacement Notes

September 4, 2014

I'm a Secured Creditor so I'm Entitled to Default Interest, Right?

August 20, 2014

Good News for Creditors Filing Proofs of Claim!

May 31, 2012

Supreme Court Closes Loophole around Secured Creditor's Right to Credit Bid