Simmons & Simmons

Distressed Debt

Core strengths

Our leading international distressed debt practice consists of experienced specialist lawyers from a multi-disciplined base who are able to advise on all aspects of distressed debt. We deal with any transaction or situation where the debt of a company is being traded at less than its face value or is otherwise impaired. We also advise on the formation of distressed debt funds. Our international network not only provides a platform for advice within many jurisdictions but also the ability to provide cross-border advice in relation to international corporate structures and transactions. The jurisdictions in which we operate include United Kingdom, China, France, Germany, Hong Kong, Italy, Netherlands, Portugal and Spain.

We have extensive experience of advising many of the world's largest financial institutions in the area of structured finance and restructuring, including acting for bond trustees.

Our services

As well as documenting sales and purchases of debt, we also regularly advise:

Debtors

- on how they can restructure their finances. This includes rescues and reconstructions outside formal insolvency proceedings, often involving work-outs, debt restructurings, standstill arrangements and schemes of arrangement to bind dissenting creditors. It also includes advising debtors and their directors in the event of formal restructuring and insolvency proceedings.

Bond trustees

- including Law Debenture, Citibank Trustee and Deutsche Bank, on their rights and duties in situations where the bonds are trading at below par value or where issues of restructuring and insolvency arise.

Primary lenders

- eg banks who are seeking to restructure their existing debts or wish to take action to recover their debt in the most effective way possible. We advise on debt sales and subparticipation, and advise bondholders, either individually or as members of official and unofficial committees, on how to maximise the return from their investments.

Secondary purchasers

- secondary purchasers, eg hedge funds or banks' distressed debt proprietary desks on the possibility of investing in distressed debt. This includes advice on the legal structure of the debtor and the existing lenders and the legal implications, in the event of the restructuring or insolvency of the debtor, of investing at different levels of the structure. We also advise banks and asset managers extensively on the acquisition of portfolios of non-performing loans.

Fund formation

- independent and institutional sponsors on the launch of their investment funds. We specialise in both private and public distressed debt, including advice relating to structuring, the fund documentation, regulatory and tax.

Insolvency

- professionals including receivers /administrators and similar office holders (appointed by banks or by debtors) on the options for dealing with distressed debt either in formal insolvency proceedings or in informal restructuring scenarios. We have experience of advising on many major cross-border insolvencies such as Parmalat and Elektrim which have distressed debt elements.

Clients include:

- Apax Partners France
- Altima Partners
- Astorg Partners
- Babson Capital Europe
- BlueCrest
- Butler Capital
- Citibank Trustee
- Deutsche Bank
- Deutsche Trustee
- JP Morgan
- Law Debenture
- Morgan Stanley
- Sothic Capital
- The Royal Bank of Scotland.

Expertise in practice

Apollo

- the acquisition of an NPL portfolio and on a joint venture for an NPL servicer in Portugal

Bank of America

- the acquisition of up to 20 NPL portfolios and the acquisition of 10 bilateral loan positions in Portugal

British Energy

- advising Ofgem (energy market regulator) on the restructuring of Britain's nuclear generator, and on the failure of TXU and its ramifications, with emphasis on continuity of supply issues; also advising various hedge funds on their debt and equity positions

Callahan

- advising the unofficial bondholders committee on the insolvency of this German cable TV operator; advising the court-appointed liquidators, including negotiating a payment from the senior secured creditors on a subsequent sale of Callahan's business

Cerruti

- restructuring advice

Cirio

- advising Law Debenture, as bond trustee, on the proposed restructuring and insolvency of this Italian based food conglomerate

Courts

- advising one of the senior secured creditors on its separate bi-lateral lending relationship; also several senior secured lenders in selling their debt position

Elektrim

- advising Law Debenture as trustee of a bond issue upon this Polish telecoms company entering restructuring and then insolvency proceedings

Esprit Telecoms

- negotiating a standstill and scheme of arrangement to effect a US$550m bondholder debt for equity swap

Euro Disney

- advising a group of dissident senior secured creditors on a restructuring of Euro Disney's debt, ultimately securing improved terms

Eurotunnel

- advising creditors on investment opportunities arising as a result of the restructuring of the company

Fantuzzi

- the sale of the company following restructuring

Favini and Gaia

- advising banks and debtors in filing a proposal of settlement with creditors

Finpart

- advising Law Debenture, as bond trustee, in Italian insolvency proceedings

Fiamm

- advising Morgan Stanley and Deutsche Bank

Giacomelli

- advising the unofficial bondholders committee on the failure of this Italian based sportswear retailer

Global TeleSystems

- Chapter 11 filing of its US parent and the effect upon its European telecoms business, including restructuring and reorganising its voice business across 14 countries

ITM – Italtractor

- advising the Italian banks (led by Capitalia)

KPNQwest

- advising Citibank, as agent bank on behalf of the senior secured creditors, in the Dutch insolvency proceedings

Parmalat

- advising JP Morgan on a debt for equity swap on restructuring

Plein Ciel, Prosegur, DD and Sublistatic

- advising shareholders and management on the negotiation and rescheduling of banking debt

Morgan Stanley

- the acquisition of a portfolio of Spanish NPL mortgage loans

MyTravel

- advising the bond trustee on the restructuring of the company; advising a significant investor in various tranches of MyTravel's debt

UPC

- advising Citibank as trustee on the restructuring of €4.5m bonds issued by UPC

Key international contacts

Key contact biographies can be viewed at simmons-simmons.com

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