

Distressed Debt

Overview

Munsch Hardt's Distressed Debt practice comprises more than 20 transactional and insolvency lawyers with both U.S. and global experience.

We represent investors in the origination, documentation, purchase, sale and restructuring of syndicated and “clubbed” debt, with a particular focus on investors in private credit structures. We analyze and advise on the underlying loan documents, credit structures and applicable insolvency laws, and provide practical strategic advice on converting debt into a controlling equity position.

With experience providing the full range of services necessary to assist clients with distressed situations, we offer in-depth knowledge in finance, restructuring, bankruptcy, corporate, securities, tax, labor and other disciplines relevant to distressed investors. While we are adept at developing creative solutions to achieve a consensual distressed acquisition, we also are battle tested in litigating issues that cannot be resolved consensually. Examples of the latter include contested foreclosures, use of cash collateral, cramdowns, valuation, officer and director liability, and other related litigation matters.

Areas of focus:

- Strategic distressed debt acquisitions and restructuring
- Special opportunity investments
- Private credit
- Debtor and trustee in possession credit facilities
- Special situation restructuring

Experience

Lender Representation

Representing an international bank in its capacity as Administrative Agent and Collateral Agent to a lending syndicate under a \$70 MM credit extension to a producer of cane raw sugar and certain by-product that filed for Brazilian reorganization.

Lender Representation

Represented an international bank as Agent for the Senior Lenders and Hedging Banks (who collectively hold more than \$1.2 B in claims) in the Chapter 11 case of a public-private partnership formed to construct a major US toll road, and serving as local bankruptcy counsel for the steering committee of which the Bank is the chair.

Distressed Commodities

Represented a financial institution as Administrative Agent on a loan for the construction and development for gas storage facilities in Mississippi and Alabama. Ultimately a gas services company repaid in full amounts owed to the lenders, a total of more than \$101 MM.

Distressed Commodities

Represented the Agent bank of gas trading facility where borrower held 19 bcf in inventory in successful out of court liquidation; debt claim was \$105 MM.

Distressed Commodities

Represented an international banking group in its capacity as Administrative Agent on a \$114 MM syndicated working capital facility to a gas marketing and services company in connection with an equity recapitalization of the business that was necessitated by trading losses. Munsch Hardt restructured the entire reporting and financial covenant package in the business to get the lenders comfortable in continuing to provide credit support.

Debtor Representation

Represented the debtor, the largest seller of organic cotton worldwide, in its Chapter 11 bankruptcy filing and \$450 MM rescue loan.

Financial Restructuring

Represented a middle market sponsor of private equity transactions in its \$5 MM investment into a software company to restructure the capital including that previously invested by another venture capital and private equity fund.

Restructuring Representation

Obtained a big win for a Texas-based bank in an oil and gas-based restructuring engagement. In the face of an imminent bankruptcy filing by the borrower and a potential inter-creditor dispute between the Bank and a group of NY-based private equity funds, Munsch Hardt successfully orchestrated the structured liquidation and application of outstanding hedge positions and a controlled out-of-court foreclosure process that resulted in payment in full of the bank's roughly \$14 MM outstanding loan.

Restructuring Representation

Represented the agent for a syndicate of lenders in the reorganization of a major manufacturer and seller of work and outdoor apparel and the related workout of the existing first and second lien credit facilities.

Restructuring Representation

Represented a lender with respect to its restructure and workout of three credit facilities totaling \$60 MM to an individual investor collateralized by a private jet, art and real estate.

DIP Financing Representation

Represented a group of companies in bankruptcy that manufactured glass for the construction and automotive industries in negotiating its debtor in possession credit facility and in the subsequent payoff of the facility upon the sale of the group.

Practice Leaders



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David Roth
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Related Practices

Finance
Electronic Payment Systems
Asset-Based Lending
Consumer Finance
Reserve-Based Lending
Mezzanine Lending
Real Estate Finance

Related Industries

Financial Services
Manufacturing