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Bankruptcy Group Of The Year: Ropes & Gray

By **Alex Wittenberg**

Law360 (March 5, 2024, 2:02 PM EST) -- The bankruptcy practice at Ropes & Gray is a versatile unit capable of winning high-profile cases and pioneering solutions to clients' financing needs, securing a unanimous high court decision in April for Mall of America's owner and devising a unique transaction for Trinseo PLC months later that kept the manufacturer afloat, earning it a spot among Law360's Bankruptcy Groups of the Year.

Ropes & Gray's bankruptcy team has grown over the last several years to include 36 attorneys in New York, Chicago, Boston and London, allowing it to take on intricate work helping companies sort out financial distress. Before this, the group mostly represented large creditors in litigation as well as creditors' committees, but the recent expansion has enabled it to widen its focus.

"It was a concerted effort by the firm to transform the group into one that is doing company-side work and fulcrum ad hoc creditor work," Matthew M. Roose, a bankruptcy group partner, said of the recent growth.

That transformation was manifest in the Trinseo transaction the firm delivered in September. By putting a twist on so-called double-dip financing, Ropes & Gray helped Trinseo raise more than $1 billion in secured term loan funding, addressing the company's near-term maturities while avoiding litigation.

The transaction used an intercompany loan to refinance indebtedness back to the main credit group, but the company that served as borrower of the third-party money was not an unrestricted subsidiary or non-guarantor as in a traditional double-dip. Though esoteric, the deal was a testament to the breadth and depth of the firm's bankruptcy practice, said Ryan Preston Dahl, chair of the business restructuring group.

"For a client like that, they want to raise liquidity — they don't want to buy litigation," Dahl said. "We were able to achieve that result for them not just with minimal friction, but no friction."

But not all of Ropes & Gray's 2023 wins were as complex. At the start of the year, the group represented Forma Brands in its Chapter 11 proceedings and arranged the $15 million sale of R.E.M. Beauty's assets to pop star Ariana Grande.

Ropes & Gray negotiated with Grande and her mother to get the deal done. Thanks to collaboration among the bankruptcy group and the firm's capital solutions and special situations professionals, Ropes & Gray also managed to avoid expensive litigation over the intellectual property underlying Grande's beauty products.

"It all started with litigation and arbitration but ultimately ended up in a friendly transaction," said partner Gregg Galardi.

A few months later, Ropes & Gray netted perhaps its biggest win of the year. Representing MOAC Holdings LLC, the owner of Minnesota's Mall of America, the firm's bankruptcy and appellate groups persuaded the U.S. Supreme Court to rule unanimously in their client's favor in a consequential dispute involving the rights of landlords and the assignment of leases in the wake of a tenant's bankruptcy.

In that case, decided in April, Ropes & Gray led the appeal of a district court ruling in favor of Mall of America opponent Transform Holdco LLC, which had invoked Section 363(m) of the U.S. Bankruptcy Code to argue the court could not unwind a lease transfer because it lacked jurisdiction to hear the appeal.

The high court rejected that logic, finding federal courts are not prevented from hearing appeals of bankruptcy sale orders on jurisdictional grounds.

"The Supreme Court said that that sort of mootness in this particular circumstance was going to fail," Galardi said.

While the high court victory was a clear "highlight," Galardi said it marked only a small part of a larger transformation of the firm's bankruptcy practice over the last few years.

As the group has grown in size, it's been able to apply expertise to larger and more complicated problems. In June, the bankruptcy team represented an ad hoc group of first-lien term loan holders in Instant Brands' Chapter 11 case that ultimately provided the funding required to keep the Instant Pot maker operating.

Instant Brands had recently completed a drop-down transaction to raise money, resulting in a credit downgrade and a freeze on terms with its trade vendors. The company desperately needed more liquidity, and Ropes & Gray worked quickly to build consensus among more than a dozen parties and come up with additional financing.

The ad hoc group ultimately supplied an upsized $160 million in DIP financing, allowing Instant Brands to avoid liquidation.

"We pulled that financing together in a matter of days before the company was going to run out of money, stabilized the operations and set the company up to sell itself," Roose said.

The Instant Brands deal was another step in the evolution of Ropes & Gray's bankruptcy team, proving it could handle difficult restructuring work.

"Ropes was not on people's radar screens for liability transactions," Galardi said. "Now, we have a resume that I think can compete with anybody."

--Editing by Philip Shea.