turnarounds & workouts

News for People Tracking Distressed Businesses

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Remembering Harvey

A Giant of the Industry Leaves a Lasting Impression

Harvey Miller passed away on April 27, 2015, at the age of 82. No one in the corporate bankruptcy profession was more renowned and respected than Harvey, but at Beard Group we knew Harvey as a good friend and supporter. The highlight of Beard Group's Distressed Investing Conference each fall is the presentation of the Harvey R. Miller Outstanding Achievement Award for Service to the Restructuring Industry. Harvey was always on hand to present the award and congratulate the winner. Even more importantly, he strove to make the occasion beneficial to conference attendees by holding a dialogue with the award recipient. That was the Harvey we knew – a strong advocate for a profession he loved. Following is a sample of tributes that we have received by those who were fortunate to know Harvey well.

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Fee Dispute

Supreme Court To Decide Payment of Attorney Fees

by Julie Schaeffer

A dispute between Baker Botts and a company it represented in bankruptcy went before the Supreme Court in April – and the outcome could determine whether attorneys get paid for certain types of work.

The company is Asarco, a mining business that filed for Chapter 11 in 2005 and emerged in 2009. Baker Botts, which represented the company in bankruptcy, asked the bankruptcy court to approve $113 million in fees, plus an additional $22 million in fee enhancements.

Fee enhancements are only granted when attorneys do an extraordinary job of representing their client – which Baker Botts said it did. The law firm won a fraudulent

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Relief or Reckless?

Illinois Ponders Municipal Bankruptcy Legislation

by Julie Schaeffer

Municipalities and other local government entities in Illinois would be able file for bankruptcy if a bill that state legislators are considering passes.

Municipal bankruptcies have received increased attention of late, and between January 2010 and November 2014, 47 local governments filed for bankruptcy under Chapter 9, eight of which were municipalities.

Illinois entities, many of which have increasing debts, including pension obligations, have sought similar relief, but without success. That's because there's no authorizing state legislation.

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Harvey, *from page 1*

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When I practiced law in the late 60s, there was only one business bankruptcy lawyer in Washington, D.C. I worked for a firm with a premier real estate practice, so we knew him well. His office was a few floors above us on K Street, but client meetings with him were on the city outskirts so clients would not be seen with him.

Harvey Miller changed bankruptcy practice from a slightly disreputable and often unmentionable area of law to a core business for major law firms and an acceptable strategy for public companies in difficult circumstances. He forged a large and successful restructuring practice with very talented lawyers who are now among the most prominent bankruptcy practitioners and, in the process, he was instrumental in building Weil from 15 partners into a global firm of 1,100 lawyers. And Harvey was the field general of choice for most large distressed companies. He was debtor's counsel for Texaco in 1987, establishing Chapter 11 as a viable strategy for large businesses. For decades he handled the largest and most complicated cases like Lehman Brothers in 2008 and General Motors in 2009.

Harvey Miller created and honed the modern process for revitalizing troubled companies, saving countless jobs, and huge investments. Harvey was the most important and successful figure in business law in my lifetime.

— Chris Beard, Founder, Beard Group

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I never saw the tough side of Harvey Miller, the scrappy young fighter who cut his teeth in the rag trade, then grew in stature and fame taking on the white-shoe firms representing the banks. Harvey had no qualms about throwing hardballs at the students in his bankruptcy class at Columbia Law School. The Harvey I knew got choked up when receiving the Restructuring Attorney of the Century Award at our 2000 Distressed Investing Conference.

For some months after "canonizing" Harvey, Chris Beard and I were struggling to come up with an encore when we hit upon the idea of honoring someone who was outstanding in the restructuring industry. There was nobody quite like

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Fee Dispute, *from page 1*

transfer claim against Asarco's parent company, Grupo México, says Aaron Streett, chairman of Baker Botts' Supreme Court and Constitutional Law Practice. According to Streett, Baker Botts showed that Grupo México had transferred a multi-billion dollar asset away from Asarco shortly before the bankruptcy petition was filed, resulting in a judgment valued at $7 to $9 billion. That was the largest fraudulent transfer judgment in Chapter 11 history, and led to Asarco's creditors being paid in full by Grupo México in exchange for being released from the fraudulent transfer judgment. "It was a rags to riches story, because creditors went from expecting pennies on the dollar to being fully paid," says Streett.

In 2011, the bankruptcy court approved Baker Botts' $113 million in fees and a $4 million fee enhancement – a ruling Asarco objected to. Baker Botts spent $5.2 million defending its fee request, and the bankruptcy court awarded those litigation fees to Baker Botts as well. Asarco appealed the bankruptcy court's decision, elevating the matter to the U.S. District Court for the Southern District of Texas.

Baker Botts pointed out that significant work was involved in defending its fee request. "Shortly after we filed the fee application required at the end of every bankruptcy, Grupo México filed extensive objections, and asked for discovery of every document and email we produced during the entire course of the four-year bankruptcy," says Streett. "Grupo México then made an omnibus challenge to all of our time entries, not specifying which entries were objectionable, so we had to produce millions of pages and go through them explaining why Grupo México's objections were not valid. We had to hire experts to address the reasonableness of our fees, and a six-day trial was held on the matter. We had never seen this sort of an attack leveled against bankruptcy fees."

Jeffrey L. Oldham of Bracewell & Giuliani LLP, Asarco's counsel of record, declined to comment about the matter, but Asarco, in court documents, said that when it objected to vague descriptions of billable hours, such as "work on various legal issues," Baker Botts conducted

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Relief?, *from page 1*

In 2006, for example, when the Slocum Lake Drainage District of Lake County filed for Chapter 9 reorganization in federal bankruptcy court, creditors moved to dismiss on the grounds that Illinois had no specific statutory provision authorizing a municipality to file for bankruptcy as required by Chapter 9.

To justify its petition, the Drainage District relied on the Illinois Local Government Financial Planning and Supervision Act, under which a commission and financial advisor may be appointed to review a local government's finances and may "recommend" that the unit of local government file a petition for Chapter 9 bankruptcy.

But the court agreed with the creditors. It held that the Illinois Local Government Financial Planning and Supervision Act did not have legislative authority and seemingly did not want to grant local governments the authority to file a Chapter 9 petition. "Had the Illinois General Assembly intended to specifically authorize [local governments or municipalities] to seek relief under Chapter 9, it could have easily drafted appropriate legislation, but has not done so," the court noted, ruling that, in order for Illinois entities to file for Chapter 9, there would need to be statutory authority that is "exact, plain, and direct with well-defined limits so that nothing is left to inference or implication."

Now, Illinois House Bill 298 – a "measure of last resort" for municipalities with increasing debts, according to Illinois Representative Ron Sandack – would add language to the state's Municipal Code stating that "Any municipality may file a petition and exercise powers pursuant to applicable federal bankruptcy law." (The referenced federal law is, of course, Chapter 9 of the U.S. Bankruptcy Code, 11 U.S.C. § 109, whereby any "political subdivision or public agency or instrumentality of the State" may petition a federal court to reorganize and restructure its debt.) That language is intended to provide the "exact, plain, and direct" authority permitting an Illinois municipality or other unit of local government to file for bankruptcy.

During a recent hearing on House Bill 298 held by the House Judiciary-Civil Law Committee, various interested parties weighed in. Illinois Governor Bruce

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Research Report

Who's Who in Chassix Holdings, Inc.

by Dave Buzzell

Chassix Holdings, Inc., (Chassix) is a global manufacturer and supplier of aluminum and iron chassis sub-frame components and power train products to automakers, including Ford Motor Company, General Motors, FCA US f/k/a Chrysler Group, Nissan North America, Inc., and BMW Manufacturing Co. Chassix's chassis products include steering knuckles, sub-frames, and control arms. Other chassis components produced by the company include wheel hubs, spindles, brake calipers, and brackets. Auto products were responsible for approximately 97% of the company's revenue for the fiscal year ended December 31, 2014.

Chassix arose from two separate businesses – Diversified Machine, Inc. and Concord International, the parent of SMW Automotive LLC and Automotive Properties of New York LLC – which were combined on December 21, 2012, to become DMI SMW Holding Corporation. On May 6, 2013, DMI SMW Holding Corporation changed its name to Chassix.

Based in Southfield, Michigan, Chassix and its subsidiaries operate 23 manufacturing facilities across six countries. In the United States, Chassix employs approximately 3,500 workers, as well as several hundred on a temporary basis, in fifteen manufacturing facilities located throughout the country, including facilities in New York, Georgia, Indiana, Massachusetts, Michigan, and Tennessee.

In addition to their domestic operations, Chassix maintains machining facilities in South America, Europe, and Asia, and casting facilities in the People's Republic of China. The company employs over 1,200 workers abroad. The debtor's international affiliates have historically been self-sustaining and cash generating and are not part of the company's bankruptcy filing.

On March 12, 2015, Chassix sought Chapter 11 protection in the Bankruptcy Court for the Southern District of New York with a Chapter 11 plan that was prenegotiated with lenders and customers.

Chassix cited a variety of factors for its deteriorating financial situation. Its infrastructure required significant upgrade and repairs. Legacy contracts created destructive pricing conditions. Also, as the company pursued integration efforts, the automotive industry as a whole began to experience significant growth. As the company struggled to meet the increase in demand, equipment failures and delays caused significant expenditures on premium and expedited truck deliveries and, in some instances, expedited air shipment (including helicopters), in order to meet scheduled deliveries for customers. The company's production and liquidity troubles resulted in a number of the suppliers and vendors demanding changes in payment and credit terms.

For the twelve months ended December 31, 2014, Chassix reported revenue of $1.37 billion, with $833 million in assets and $784 million in liabilities.

On April 24, 2015, Chassix filed a Second Amended Plan of Organization. Among other things, the plan provides for a debt-for-equity swap that will significantly reduce the company's outstanding bond debt and debt payment obligations. Pursuant to the plan, the company will receive $100 million of new capital being provided pursuant to the DIP facilities that will convert to exit financing. The debtors' revolving DIP lenders have also committed to convert a $150 million revolving DIP credit facility to exit financing at emergence. In addition, certain members of the Informal Committee of Noteholders have committed to provide an additional $50 million in the form of a new exit term loan to provide the reorganized company with additional working capital to fund their businesses and operations. Chassix will also receive both interim and long-term accommodations from original equipment manufacturing customers, including significant price adjustments.

A hearing on plan confirmation is set for June 30, 2015.

The Debtor

J. Mark Allan is President and Chief Executive Officer. **Eric Rouchy** is the Chief Financial Officer. **Thomas Bane** is Vice President of Engineering & Launch. **Safi Hamid** is Vice President of North American Operations.

Weil, Gotshal & Manges LLP is serving as counsel to Chassix. **Marcia L. Goldstein**, **Ray C. Schrock**, and **Matthew P. Goren** lead the engagement.

Lazard Freres & Co, LLC, is investment banker. **Andrew Yearley** leads the engagement.

FTI Consulting is providing restructuring and financial advisory services. **David Woodward** is serving as interim Chief Financial Officer.

Ernst & Young LLP is serving as tax advisor. **Michael J. Boehm** leads the engagement.

The Official Committee of Unsecured Creditors

The Committee includes **Beck Aluminum Corporation**, **Delaware Trust Company**, as indenture trustee, **Advantage Opportunities Fund LP**, **Sustained Quality, LLC**, and **Koyo Bearings North America, LLC**.

The Committee is represented **by Akin Gump Strauss Hauer & Feld LLP**. **Erik Preis** and **Lisa G. Beckerman** lead the engagement. Also working on the case are **Rachel Ehrlich Albanese** and **Jason P. Rubin**. The Committee tapped **Teneo Securities LLC** as financial advisor**. Brent C. Williams** leads the engagement.

Informal Committee of Noteholders

The Committee is comprised of **Angel Island Capital**, **Avenue Capital Group**, **Fidelity Management and Research Company**, **Lord, Abbett & Co. LLC**, **Midocean Credit Partners**, **Nomura Corporate Research & Asset Management**, and **Oaktree Capital Management, L.P.**

Paul, Weiss, Rifkind, Wharton & Garrison is counsel to the Committee. **Andrew N. Rosenberg** and **Alice B. Eaton** head the team. Also working on the case are **Oksana Lashko** and **Sarah Harnett.**

Trustee

The U.S. Trustee is **William K. Harrington**.

Judge

The judge is the **Honorable Michael E. Wiles**. ¤

Harvey, *from page 2*

Harvey, so we decided to ask if he would let us invoke his name. But, what should we call the award? We worked for days before deciding on the Harvey R. Miller Outstanding Achievement Award for Service to the Restructuring Industry. That was a mouthful, but "The Harvey" as it was soon known became for a small but vital universe the Oscar, the Emmy, and the Grammy.

Harvey was for us like the uncle you see only once a year (Monday after Thanksgiving), but he always brought the nicest gifts. I am honored to have breathed the air around him.

— David Henderson, President, Renaissance American Management

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There was only one Harvey. It was not just his love of the law, it was also his long knowledge of its application and his courtly and compelling demeanor. Those characteristics, his in abundance, do not begin to describe this phenomenon who worked long hours and often answered his phone more than a decade after being anointed by this publication as Bankruptcy Attorney of the Century. Why did he still work with such devotion? In this former client's view, it was Harvey's boundless curiosity about the way the world works, could work, and should work that really distinguished him.

— Deborah Hicks Midanek, President, Solon Group, Inc.

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Harvey's pioneering vision – that the bankruptcy system should and could be an important restructuring tool to facilitate the rehabilitation and sale of large complex businesses – remains a cornerstone of today's global restructuring business. The distressed M&A business and the secondary debt markets exist in part because of Harvey – even if he railed against the diminishment of company control and the rising influence of Wall Street debt traders and fund investors.

A complex and passionate man, Harvey was an informed and tenacious advocate whose counsel was sought after inside the boardrooms of some of the largest companies in the world – American Airlines, Enron, GM, Lehman, Macy's, Marvel Entertainment, and Texaco to name just a few. Most recently, I worked across the table with him and his colleagues in the automotive industry restructuring and the American Airlines – US Airways merger that created the largest airline in the world and generated tremendous value for stakeholders.

Harvey was also a scholar and a teacher. I served as a commissioner with him on the recent bankruptcy reform commission and his views were clear, cogent, and constructive. Several years ago, he contributed a chapter to a book on how to navigate the financial crisis – Harvey wrote about how to plan effective restructurings through the looking glass of 50 years of bankruptcy and reorganization.

— Jack Butler, Executive Vice President, Hilco Global; former Co-leader, Global Corporate Restructuring, Skadden, Arps, Slate, Meagher & Flom

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I first met Harvey Miller in 1974 during the height of New York City's financial crisis, when he was hired to prepare a contingency bankruptcy filing as the City was on the brink of default. We reconnected in 1990, when I entered the workout and restructuring business and Goldin Associates was retained as financial advisor to the largest group of fixed creditors in the Drexel bankruptcy. He was by then a titan of our industry. Our paths crossed subsequently in any number of large and complicated cases, and it is a special source of pride to me that several years ago I was honored with an award bearing his name that Harvey presented to me. I shall always cherish his generous comments about me on that occasion. The bankruptcy community is impoverished by the loss of this professional giant.

— Harrison J. Goldin, Founder, Goldin Associates

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Harvey was a towering presence in the courtroom and boardroom, but I remember most fondly time that we spent together in the classroom. We were frequent guest speakers in Professor Altman's class in corporate bankruptcy where Harvey, with obvious passion and good humor, enjoyed telling engaging stories about his experiences as lead counsel in Lehman, American Airlines and General Motors. He was unselfish in sharing teachable insights into the world of high stakes restructuring that he loved so much.

—James Peck, Global Co-chair, Business Restructuring & Insolvency Group Morrison & Foerster, former United States Bankruptcy Judge for the Southern District of New York

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Calendar

Association of Insolvency & Restructuring Advisors
31st Annual Bankruptcy & Restructuring Conference
June 3 – 6, 2015
Ritz Carlton
Philadelphia, PA
Contact: www.aira.org

International Association of Restructuring, Insolvency & Bankruptcy Professionals
INSOL International Bermuda One Day Seminar
June 4, 2015
Fairmont Hamilton Princess
Hamilton, Bermuda
Contact: www.insol.org

Turnaround Management Association
13th Annual Mid-Atlantic Regional Symposium
June 10 – 11, 2015
Caesars Hotel & Casino
Atlantic City, NJ
Contact: www.turnaround.org

American Bankruptcy Institute
22nd Annual Northeast Bankruptcy Conference
July 9 – 12, 2015
Sea Crest Beach Hotel
North Falmouth, MA
Contact: www.abi.org

National Association of Bankruptcy Trustees
2015 Annual Convention
August 27 – 29, 2015
InterContinental Hotel Magnificent Mile
Chicago, IL
Contact: www.nabt.com

National Conference of Bankruptcy Judges
89th Annual NCBJ Conference
September 27 – 30, 2015
Fontainebleau Miami Beach
Miami, FL
Contact: www.ncbj.org

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Special Report

Major Trade Claim Purchasers

Firm	Location	Contact	Phone/Fax
Argo Partners www.argopartners net	New York, NY	Matthew A. Gold matthew@argopartners net	Tel. (212) 643-5444 Fax (212) 643-6401
ASM Capital www.asmcapital.com	Woodbury, NY	Adam S. Moskowitz info@ASMCapital.com	Tel. (516) 422-7100 Fax (516) 422-7118
Avenue Capital Group www.avenuecapital.com	New York, NY	David S. Leinwand dleinwand@avenuecapital.com	Tel. (212) 850-7524 Fax (212) 850-7584
Bowery Investment Management www.boweryim.com	New York, NY	Bradley Max bmax@boweryim.com	Tel. (212) 259-4300 Fax (212) 259-4345
Claims Recovery Group www.claimsrecoveryllc.com	Cresskill, NJ	Robert M. Axenrod info@claimsrecoveryllc.com	Tel. (201) 266-6988 Fax (201) 266-6985
Corre Partners Management www.correpartners.com	New York, NY	Ryan Quinn ryan.quinn@correpartners.com	Tel. (646) 863-7155 Fax (646) 863-7161
CRT Capital Group www.crtllc.com	Stamford, CT	Joseph E. Sarachek JSarachek@crtllc.com	Tel. (203) 569-6400 Fax (203) 569-6499
Contrarian Capital Management www.contrariancapital.com	Greenwich, CT	Keith McCormack kmccormack@contrariancapital.com	Tel. (800) 226-3810 Fax (203) 485-5910
Debt Acquisition Company of America www.daca4.com	San Diego, CA	Jim Wade jwade@daca4.com	Tel. (619) 220-8900 Fax (619) 220-8112
Fair Harbor Capital www fairharborcapital.com	New York, NY	Fredric Glass info@fairharborcapital.com	Tel. (866) 967-4035 Fax (212) 967-4148
Fair Liquidity Partners www fairliquidity.com	San Jose, CA	Maya Krish info@fairliquidity.com	Tel. (408) 973-0650 Fax (408) 973-0610
Hain Capital Group www haincapital.com	Rutherford, NJ	Robert J. Koltai rkoltai@haincapital.com	Tel. (201) 896-6100 Fax (201) 896-6102
Liquidity Solutions www.liquiditysolutions.com	Hackensack, NJ	David Fishel dfishel@liquiditysolutions.com	Tel. (201) 968-0001 Fax (201) 968-0010
Pioneer Funding Group www.pioneerfundingllc.com	New York, NY	Adam D. Stein-Sapir adam@pfllc.com	Tel. (646) 237-6969 Fax (888) 907-3227
Sierra Liquidity Fund www.sierrafunds.com	Irvine, CA	Scott D. August saugust@sierrafunds.com	Tel. (949) 660-1144 Fax (949) 660-0632
Solus Alternative Asset Management www.soluslp.com	New York, NY	Christopher Pucillo info@soluslp.com	Tel. (212) 284-4300 Fax (212) 284-4320
Tannor Capital Management www.tannorpartners.com	White Plains, NY	Robert J. Tannor management@tannorpartners.com	Tel. (914) 509-5000 Fax (214) 299-8980

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Worth Reading

The Outlaw Bank – A Wild Ride Into the Secret Heart of BCCI

Author: Jonathan Beaty and S. C. Gwynne
Publisher: Beard Books
Softcover: 428 pages
List Price: $34.95

Upon reaching the end of their labyrinthine study of the international financial scam running over 20 years, the authors wax prophetic: "Since none of the rules [allowing for the BCCI scam] have changed, there is nothing to prevent other BCCIs from springing up in the artfully created regulatory gaps. And no one in authority wants the rules to change."

The BCCI (Bank of Credit and Commerce International) scam, which was disclosed in the early 1990s, presaged the scams in the field of finance and investing that came to light in 2008 and continue to be reported and investigated. The $20 million involved in the BCCI criminal enterprise made it the biggest financial scandal in history up to the 1990s. Investigative reporters Beaty and Gwynne do a good job of exposing the excesses of BCCI and the worldwide network of individuals at all levels of private business and government. If there had been a little less greed and a little more discretion, the BCCI operation could likely have continued indefinitely. But this is how such scandals usually come to an end – the greed becomes uncontrollable and those involved become reckless.

In this story, the authors track how BCCI originated, how it grew phenomenally, and how it came apart at the seams. The Pakistani Agha Hasan Abedi founded the bank in 1972. Promoting it as the Third World's first multinational bank, Abedi soon attracted attention from investors and prominent sponsors throughout the world. Bert Lance, then-President Carter's budget director, and Clark Clifford, a legendary Washington, D.C. "fixer," were early boosters of the bank. BCCI grew rapidly, in part because it became a clearinghouse for deals no reputable bank would touch. It was soon involved in political bribery, laundered money, and weapons sales.

The Outlaw Bank grew out of the Beaty's and Gwynne's reporting on the unfolding BCCI scandal for *Time* magazine, but the authors' account in this book is a more thorough treatment of the events that led to BCCI's creation, its evolution into a major international financial institution, and its eventual demise. With their extensive contacts and consummate investigative skills, the authors offer an authoritative accounting of a complex and mind-boggling scandal. In the end, however, the book offers no neat conclusion, nor is there a sense of finality.

Some of the perpetrators and enablers were found guilty, usually pleading guilty to reduced charges. Many others, however, were never held accountable, instead dispersing around the world to become involved in other shady enterprises. Several of the key players who provided much of the inside information to the authors are given pseudonyms so as not to put them at risk for reprisals by any of the dozens of persons involved in BCCI who left the wreckage behind but remain influential and a threat to those who told the real story.

The Outlaw Bank is not a reworking or even a simple expansion of a magazine series. Even those familiar with the BCCI story will find the book engaging. With a host of colorful characters continually popping up in a game of high financial stakes and international intrigue, the book reads like a gripping espionage novel. ¤

Both authors were leaders in investigative reporting at Time *magazine. They have since written many other books and magazine articles on a variety of subjects.*

This book may be ordered by calling 888-563-4573 or by visiting www.beardbooks.com.

Harvey, *from page 4*

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I started working for Harvey right out of law school. The bankruptcy group at the time was only 13 people. I was assigned to the largest debtor to have filed under chapter XI (the pre-1978 bankruptcy law), a real estate investment trust with approximately $200 million of debt. The debt level of that case is small compared to many of the cases we have handled in recent years. One cannot talk about the growth and development of bankruptcy practice without Harvey being a prominent part of that. Harvey built not only the Weil practice, but was a leader in changing bankruptcy practice to make it applicable to a wide range of situations and complex capital structures. His influence and significance in modernizing bankruptcy practice and taking it to the level of sophistication embraced by scores of bankruptcy professionals today is immeasurable. He was a great mentor and teacher for me and my colleagues, emphasizing the highest quality law practice and the creativity that would serve our clients. In addition, Harvey was a mentor and teacher to many others who touch the field, including lawyers, financial advisors, investors, academics, and judges. His loss will be deeply felt across the legal and restructuring communities.

— Marcia Goldstein, Chair, Business Finance and Restructuring Department, Weil, Gotshal & Manges

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"Elegant" is not a word that comes to mind easily when discussing the world of bankruptcy, but Harvey was elegant in every sense of the word. I'll leave it to the many others who sparred with him in the legal arena to extoll within these pages his outsized talents and virtues as a lawyer, but in my case, I got to know Harvey best through what we both did away from the courtroom. I must have done ten to fifteen different panels over the years with Harvey, scattered all over the country. Gracious to a fault on every occasion, he and I spent countless hours talking about anything but our business and often discussing his love of the opera. One year, when I was perhaps ill-advisedly

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Special Report

Top Internet Bankruptcy Resources

On-Line Source	URL	Summary of Site Contents
American Bankruptcy Institute	www.abiworld.org	Bankruptcy headlines and statistics, courts and opinions, meetings and events, bankruptcy research center, legislative news, bankruptcy-related organizations, international bankruptcy laws and news, online publications and resources, bankruptcy blog exchange.
Bankrupt.com	www.bankrupt.com	Resource for worldwide troubled company information. Includes detailed information on commercial bankruptcies updated daily. Wide range of search functions. Comprehensive bankruptcy archives online. Links to ezine, bankruptcy blog, bankruptcy professionals in the news, bankruptcy cases in the news, conferences, periodicals, and books.
Bankruptcy LawTrove	www.lawtrove.com/ bankruptcy	Hosted by the law firm of Swiggart & Agin. Contains statutes, regulations, courts and cases, government resources, products and services for bankruptcy professionals, answers to frequently-asked questions, as well as links to other bankruptcy sites and Internet resources.
BKInformation	www.bkinformation.com	Source for Chapter 11 bankruptcy case information. Links to Chapter 11 cases, code, and rules. News aggregation service providing links to bankruptcy-related news stories from publications around the world. Fee service.
BUSINESS-BANKRUPTCIES.com	business-bankruptcies.com	Daily email notification of new Chapter 7 and Chapter 11 case filings, with ability to save tailored searches and receive notifications relating to saved search. Also captures case and debtor information from the court's docket sheet. Fee service.
Chapter 11 Dockets	www.chapter11dockets.com	Provides access to more than 3 million court filings in over 2,000 of the largest Chapter 11 case filings. Cases and docket entries are categorized to facilitate precedent research. Fee service.
Legal Information Institute	www.law.cornell.edu	Academic source for federal statutes, uniform laws, agency regulations, judicial decisions, and rules. Site also covers state statutes, judicial decisions, and appellate decisions; links to other Internet bankruptcy resources.
LexisNexis	www.lexisnexis.com	Provides authoritative legal sources, public records, company data, and business information. Tax and regulatory publications available online, in print, or on CD. Fee service.
PACER (Public Access to Court Electronic Records)	www.pacer.psc.uscourts.gov	A service of the Administrative Office of the U.S. Courts, PACER allows users to obtain case and docket information from U.S. district, bankruptcy, and appellate courts, and from a U.S. party/case index. Fee service.
Troubled Company Reporter	http://bankrupt.com/ periodicals/tcr/tcr html	Source of daily news and updates about companies throughout the United States, with assets of US$10 million or more, that are reorganizing, restructuring, or showing signs of financial strain. Separate editions cover North America, Asia Pacific, Europe, and Latin America. Subscription service.
U.S. Courts	www.uscourts.gov	Provides comprehensive menu of official bankruptcy forms, voluntary and involuntary petitions, schedules, proof of claim, notices and orders, and forms used in Chapter 7, 9, 11, 12, 13, and 15 cases. Source of bankruptcy statistics, federal court fees, and bankruptcy rules and regulations.
U.S. Trustee Program	www.usdoj.gov/ust	A service of the Department of Justice's U.S. Trustee Program. Links to each U.S. bankruptcy district. Nationwide office locator for U.S. trustees; regional staff directory. Information on bankruptcies, trustee's program, trustee's role in Chapter 11 cases.
Westlaw	www.westlaw.com	Provides comprehensive legal sources, public records, company data, and business information. Commercial bankruptcy publications available online, in print, or on CD. Fee service.

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Fee Dispute, *from page 2*

a "self-audit" and sought more than $400,000 in fees for making corrections to entries that should have been correct in the first place. Asarco also claimed that when it requested part of its client file, Baker Botts spent 2,440 hours ensuring privileged materials of other clients were not in the file, racking up another $750,000 in fees.

When the district court ruled in Baker Botts' favor, allowing it to collect the $5.2 million, Asarco again appealed, bringing the matter to the U.S. Court of Appeals for the Fifth Circuit. That court reversed, ruling that Baker Botts could not collect the $5.2 million because the law governing attorney compensation in bankruptcy bars compensation for defending fee applications, and the "American Rule" provides that litigation fees are not recoverable absent express congressional authorization.

"This is the issue we took to the Supreme Court," says Streett, who made a number of statutory and pragmatic arguments on behalf of Baker Botts.

Regarding statute, says Streett, bankruptcy statute says that professionals who represent a debtor's estate may be awarded reasonable compensation, and that language conveys broad discretion to the bankruptcy court to determine what is reasonable. "We argued that if the professional is successful in defending his core fees, then has to bear the cost of successfully defending his core fees, that cost is deducted from the core fees, which are then no longer reasonable."

Streett argues that because fee applications are mandatory in bankruptcy cases, defending a fee application is a necessary aspect of resolving bankruptcy cases – and the process of defending a fee application qualifies as a necessary "administrative expense" that is compensable under bankruptcy statute.

Baker Botts also made pragmatic arguments as to why its interpretation would be best for the bankruptcy system. First, says Streett, the Fifth Circuit's interpretation would produce an incentive for objectors to make meritless objections intended to coerce a professional into reducing his fees.

Second, Streett notes, Congress has recognized that having talented professionals represent debtors is important to the smooth functioning of the bankruptcy system. However, if professionals know that any time they take a case, regardless of their performance, they'll have to eat the cost of defending themselves against meritless objections, they'll think twice about getting into the bankruptcy litigation field. "This is an even more serious threat when comes to smaller bankruptcies, Chapter 7s and 13s, where lawyers are often working for a few thousand dollars," says Streett. "The cost of defending those fees could exceed the entire fee."

Streett believes the case is appropriately before the Supreme Court because the Ninth Circuit has adopted Baker Botts' position, while the Fifth Circuit has not. "We need to ensure there's one uniform rule on this issue," he says.

"If the Court rules in our favor, it would ensure that professionals who represent bankrupt companies are going to get fully paid, so long as they can successfully defend their fee application," says Streett.

Oldham, meanwhile, simply says, "We appreciated the opportunity to present our arguments to the U.S. Supreme Court, and we look forward to receiving an opinion sometime in May or June." ¤

Relief?, *from page 2*

Rauner has indicated that he supports the concept, but, not surprisingly, police and fire unions urged against permitting Chapter 9, given that the bill might give local governments more leverage to ease pension obligations.

Bill Roberti, managing director at Alvarez and Marsal is in this camp. "I believe that since municipal bankruptcies remain extremely rare, it is prudent to pass HB298," he says. "Excluding filings later dismissed, only one of every 2,710 eligible localities (not all states permit governments to file for bankruptcy) actually filed." He adds, however, that "even after the law is enacted, it is critical that local governments be required to do a complete bottoms-up analysis addressing not only cash budgets, but also service solvency as well. Filing a Chapter 9 is serious business and ensuring it is necessary and can't be avoided is still a key initiative that must take place before making the final decision."

Bill Brandt, former chair of the Illinois Finance Authority and president of Development Specialists Inc., warned of the toll bankruptcy takes on an issuer, and also pointed out that there's currently help available through the existing Financially Distressed City Act, which is for cities with specific populations. "That act needs to be updated, but the concept of permitting a Chapter 9 in Illinois is ludicrous," says Brandt. "And the idea of the governor going out and saying an entity is going to file is reckless, like yelling fire in a theatre. You have an obligation as a public official to protect bond ratings."

Other options have also been proposed. At the request of legislators, Brandt is heading a working group that will propose updates to the Financially Distressed City Act to bring it up to speed to reflect current conditions.

Lawrence Msall, president of the Chicago Civic Federation, supports a measure developed by municipal restructuring expert James Spiotto to create an authority that would intervene before a government reaches crisis stage, thereby allowing it to avoid bankruptcy while getting on a sustainable path to fiscal health. "Bankruptcy is a very dangerous place for us to be heading," Msall said at the hearing.

The hearing was for testimony only, so no action was taken. House Bill 298 is now back in the Rules Committee, where it is likely to remain pending additional changes – including a likely one by Sandack to create a commission dedicated to structuring settlements between a unit of local government and its creditors prior to the filing of any bankruptcy petition.

For Brandt's part, he thinks legislators are not overwhelmed by the Chapter 9 bill. "I'd say it won't make it into law," he predicts.

Currently 12 states authorize municipalities to file Chapter 9 bankruptcy filings, according to the National Conference of State Legislatures, and another 12 grant conditional ability to file (with an additional layer of review). Twenty-one states are either unclear or do not have a specific law; three states allow it under very limited circumstances, as Illinois does; and two states prohibit it. ¤

Special Report

Asset Sales

Chapter11Dockets.com recorded and analyzed over 50,000 new docket entries made in over 2,000 large Chapter 11 bankruptcy cases during the first quarter of 2015. Of those docket entries, over 1,300 related to sales of assets pursuant to Section 363 of the Bankruptcy Code. The following tables and charts summarize key information regarding the asset sales that received bankruptcy court approval nationwide during the first quarter in the cases tracked by Chapter11Dockets.com. To view a list of the bankruptcy cases examined in preparing this data, please visit https://www.chapter11dockets.com/about/cases.

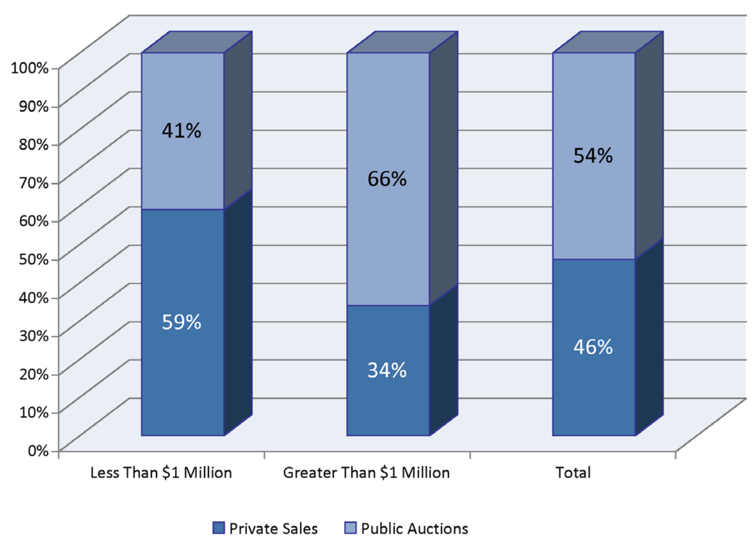
Section 363 Asset Sales Approved During the First Quarter of 2015

$3.12 Billion	$39.6 Million	$750,000
Total Proceeds of Assets Sold	Average Asset Sale Proceeds	Median Asset Sale Proceeds

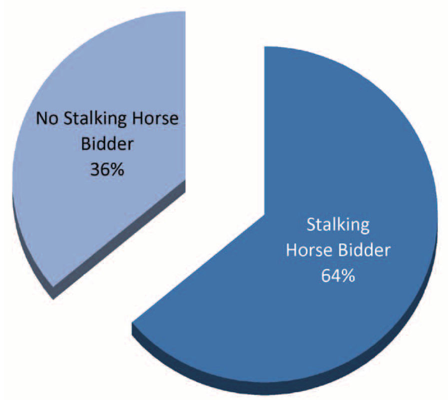
Assessing the Value of a Stalking Horse Bidder

63%	37%	24%
Cases with a stalking horse bidder in which competing offers were submitted	Average increase in asset sale proceeds from stalking horse bid to final offer	Median increase in asset sale proceeds from stalking horse bid to final offer

Use of Private Sales Versus Public Auctions By Sale Proceeds Generated



Prevalence of Stalking Horse Bidders in Public Auction Sales



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Gnome de Plume

Boomerphobia

by Andy Rahl

Demographics explain a lot about how we got to where we are. And the baby boomer generation – 70 to 80 million depending on who is counting – currently is our most important demographic.

Demographers today divide the baby boomers into two groups because the older and younger boomers had very different experiences growing up. The older cohort came of age with the Kennedy and King assassinations, the civil rights movement, Vietnam War and Watergate. The younger boomers, who have been dubbed Generation Jones after the title of a book about them, missed all of that. They came of age post-Watergate with stagflation and recession, the 1979 oil embargo, and financial markets that, for the most part, went nowhere.

Older boomers on the other hand grew up in a time of growth, prosperity, and good economic opportunities. Generation Jones and the succeeding Generation X both came of age in less well-off times. By the time those younger cohorts were ready to work many of the best jobs, opportunities and housing had already been taken by older boomers.

The boomers have come in for a great deal of criticism as self-centered, feeling entitled, narcissistic, materialistic, and superficial. The perception that boomers picked off many of the best opportunities because they got there first no doubt accounts for much of that. The fact that the number of boomers who will be retiring soon is so many more than Social Security and Medicare can afford to pay for adds to those resentments. Thus: "Who Destroyed the Economy? The Case Against the Boomers" (*The Atlantic*) "A Better Name for Baby Boomers: 'The Laziest Generation.'" (*New Republic*). "10,000 boomers are retiring every day. Good riddance." (*Philadelphia*)

Spending time in Southwest Florida with a bunch of retired people has given me a new perspective on boomer demographics, which is that I rarely meet anyone between the ages of 69 and 75. The oldest boomers were born in 1946 and turn 69 this year. Comparatively few people were born during the six years before that, and most of the retirees I meet accordingly are 75 and older. Older boomers are just beginning to show up in Florida, and the 75-85 age group still dominates social and civic life there, as I suspect it also does in most retirement-oriented communities.

Can we learn anything about the future from these demographics? One thing to watch is residential real estate. From the 1970s on, as the boomer population bulge has progressed through different stages of life that require different kinds of real estate to live in, at each stage they have blown the lid off of the supply of desirable properties in popular locations. In the 1970s, it was places for singles and couples, then for a long time it was housing for families. The housing bust in the great recession apparently ended the 'family' phase of the market, but, in terms of timing, that occurred after most boomers had turned 50.

The next stop on this real estate train is highly desirable residential properties for retirement. It will be another 14 years before the youngest boomers turn 65 and 20+ years before they all retire. But that population trough at the end of the silent generation that precedes the boomers means that the supply of such properties already is low because until now there have been far fewer buyers for them. As one example, beachfront property on the entire west coast of Florida south of Fort Myers already has been almost entirely built out and sold. So watch out, the older boomers still will be the ones to get there first. ¤

Harvey, *from page 6*

named the Program Chair for a big event in California, Harvey wasted no time in bailing me out and making me look good by readily agreeing to be the keynote speaker before my "ask" was even fully out of my mouth.

During World War II, my father was made an officer and a gentleman by an Act of Congress. Carrying the lessons of what a gentleman is with him well after the war, it was from him that I learned to define what constituted a true gentleman and how such a person might act. My dad never met Harvey, but should that have occurred, I have no doubt that he would have agreed that Harvey was the epitome of a "gentleman's" gentleman, and a truly elegant one at that. The world is poorer for his passing, and there is no doubt that the ranks of those who are true gentleman have been sorely, and sadly, depleted. ¤

— William A. Brandt, Jr., President,
Development Specialists, Inc.

In the Next Issue…

- *Special Report: Bankruptcy Tax Specialists in the Nation's Major Law Firms*
- *Special Report: U.S. Turnaround Firms With European Offices*
- *Research Report: Who's Who in Altegrity, Inc.*

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