

I Debtholder Litigation

Disputes involving securities fraud, restructurings, collateral dilution, successor liability, contracts, and other issues can have a significant negative impact on a business. Our highly experienced Securities Litigation Group helps debtholders mount a strong response to such challenges, recover losses, and enhance returns.

Debtholder-rights cases are often complex; can arise in a wide array of contexts; may generate additional fraud, tort, contract-based, and related claims; and involve many kinds of debt instruments (including corporate bonds, municipal bonds, convertible securities, and syndicated credit facilities). We provide sophisticated counsel that enables clients to navigate more directly through difficult situations such as no action clauses, which may impose varying restrictions on the ability of individual debtholders (or small groups thereof) to bring suit.

Over nearly two decades, our lawyers have obtained a number of creative settlements in seemingly impossible situations without threatening solvency. For example, borrowers are sometimes encouraged to settle with aggressive debtholders, particularly if litigation threatens major transactions. In such cases, Lowenstein Sandler can help debtholders advance their positions through restructuring and litigation options and, when appropriate, we work with our clients to selectively form ad hoc groups to maximize recovery. Moreover, our clients are able to call upon the breadth of services offered by Lowenstein Sandler including our bankruptcy and restructuring expertise in connection with their investments in distressed companies and other debtholder matters to better understand how litigation can fit into their strategic goals and the role it can play in protecting or increasing the value of their debt or equity investments.

EXPERIENCE

- > Represented a group of senior noteholders and secured \$20 million in additional value from the restructuring of an international semiconductor company, Global A&T Electronics Ltd. (GATE).
- > Represented sophisticated investment fund challenging nonconsensual third-party releases in bankruptcy plan on constitutional grounds. Litigated matter through appeal to the Court of Appeals for the Third Circuit.
- > Represented group of institutions in litigation involving debt instruments issued by Freescale Semiconductor, Inc.