

## Bankruptcy Group Of The Year: Sullivan & Cromwell

By **Mike Curley**

*Law360 (January 24, 2019, 11:08 AM EST)* -- Keeping SunEdison's subsidiaries out of bankruptcy while the parent company went through Chapter 11, negotiating on behalf of Fiat Chrysler Automobiles in Takata's bankruptcy proceedings and helping Danaos Corp. restructure without going through the courts are a few achievements that earned Sullivan & Cromwell a spot among Law360's Bankruptcy Groups of the Year.

While the firm's global finance and restructuring group has 16 dedicated attorneys — 10 in New York and six in London — Andrew G. Dietderich, co-head of the group, said all of the firm's 850 attorneys work in bankruptcy to give clients a sense of continuity and bring their individual expertise into the fold.

"We intentionally decided that we didn't want a bankruptcy department, as such. We wanted bankruptcy to be an area the firm practices in, just like it might practice in the oil and gas industry," he said, adding the firm's biggest assignment saw 250 attorneys working on the case. "We wanted it to not be something segregated from the rest of the firm, but we wanted to be totally integrated."

This structure — Dietderich described it as an accordion, able to expand and retract depending on what's needed — came into play in the SunEdison bankruptcy. Sullivan & Cromwell represented "YieldCos," subsidiaries that operated independently but were controlled by the larger company, and worked to protect the public shareholders by making sure those YieldCos didn't fall into bankruptcy themselves.

While it was a purely restructuring case, the mergers and acquisitions and securities teams that were already working with the YieldCos continued to work on the bankruptcy, preserving their client relationships and helping them through the restructuring.

In the end, they were able to come up with a strategy of independent governance for the YieldCos, followed by a sale process that was controlled by their boards of directors to the benefit of the YieldCo shareholders.

"That was a fun assignment and an interesting assignment," he said. "What was required to be successful there was first-class expertise in bankruptcy ... but also first-class expertise in M&A, public company M&A, public company corporate governance, litigation — because these things were being challenged — and



also securities laws. It was a classic multidisciplinary assignment.”

One of the secrets of being a bankruptcy lawyer, Dietderich said, is that it overlaps with nearly every other area of law, adding that in his experience, 99 percent of bankruptcy questions have non-bankruptcy answers.

By integrating all the firm’s attorneys into the bankruptcy practice, the firm has been able to leverage its broad knowledge into success that comes from its overall structure.

“That’s our secret sauce,” Dietderich said. “In bankruptcy, you do a little bit of everything.”

Another big success this year was representing Fiat Chrysler Automotive during Takata Corp.’s bankruptcy following the massive airbag recall. Brian Glueckstein, a partner in Sullivan & Cromwell’s litigation group, called it one of the most complex situations the firm’s ever dealt with, thanks to all the automakers involved who were affected by the recall and the international nature, as Takata is based in Japan.

“It was a multifaceted, multiphase restructuring that really took quite a bit of time,” Glueckstein said. The restructuring involved selling Takata’s good assets as well as keeping the recall and repair going, plus litigation and settlements related to the airbag recall. “At the end of the day, we were able to come up with a creative and comprehensive solution that led to a good outcome for FCA.”

Dietderich added the most rewarding work for the firm is when it helps a client avoid bankruptcy, such as in the Danaos Corp. case, which involved the London branch of the firm. In the Danaos case, a \$2.2 billion restructuring, the firm worked with a group of secured lenders to refinance the containership company’s debt over more than a year of negotiations.

Going into 2019, he said a much larger portion of the firm’s work has been pre-insolvency rather than court-supervised bankruptcy.

The firm hasn’t always had such a focus on bankruptcy, however, despite its history in the practice — Dietderich said it was one of the two leading restructuring firms at the turn of the 20th century, and one of its founders was a restructuring attorney.

For the modern incarnation of the firm, it was about 10 years ago, at the height of the financial crisis, that Sullivan & Cromwell shifted its focus toward bankruptcy law, Dietderich said.

While the firm had represented clients in bankruptcy litigation and other occasional cases, Dietderich said it wasn’t a priority, adding it was partly his own personal interest and decision to focus his career on restructuring during the financial crisis that started the change in Sullivan & Cromwell.

Another reason for the success, Dietderich said, is that Sullivan & Cromwell is a place where people stay for their careers.

“I’ve been here 21 years, hopefully I’ll be here another 20 years,” he said. “Because the people down the hall from me will be here for my career, and have been here for my career, our ability to work closely with each other, and to trust each other, and do these kind of integrated, team-based assignments, is optimized.”

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