

The Deal Pipeline

Waiting to catch the next bankruptcy wave

by Ben Fidler

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In this quarter's heretofore standard rankings — by number — few firms experienced a significant uptick in new case work, leading many bankruptcy professionals to believe that liquidity has returned to the market.

White & Case LLP maintained — and has actually widened — its lead over **Duane Morris LLP**, as its 815 active cases represent a 511-case bulge over its closest competitor. The number reflects the firm's international might, as U.S. cases represent just 9% of its total. The figure was posted even though two of the firm's highest case compilers — **Biner Bahr** (fourth, 309 active assignments) and **Sven-Holger Undritz** (sixth, 159 active assignments) — both saw their individual numbers dip by seven assignments from the fourth quarter of 2009.

No. 3 **Greenberg Traurig LLP** (281 active cases), posted a 14-case increase from last time, the largest gain among law firms after White & Case's 39.

Perhaps one of the more interesting trends to hit the tables is the continuing encroachment of regional firms. Los Angeles'

Levene, Neale, Bender, Rankin & Brill LLP, for example, posted one of the largest case increases in the pack, adding seven and climbing to 33rd overall. On the attorney side, **R. Scott Shuker** of **Latham Shuker Eden & Beaudine LLP** eclipsed that gain, adding 11 cases.

Shuker, a partner at the Orlando, Fla., firm, points to the real estate meltdown in the **Sunshine State** for the increase in case work.

"You had this buildup in the last part of 2008 and first part of 2009 in defaults, and lenders lost patience or hit the end of forbearance periods," he says. "In a normal year I will do probably 10 Chapter 11s, and in the past six months, I've done 15."

Shuker says just about all of his cases — 99.9%, he quips — are in **Florida**. He estimates about 90% of the firm's engagements are as debtor counsel, with the rest being committee work. All of Shuker's engagements are as lead debtor counsel, save for one co-counsel job for radio station operator **Black Crow Media Group LLC**.

Among non-investment banks, Deloitte (1,003 active cases) still has a massive lead over BDO (482 active cases), its closest competitor. Both primarily rely on international business for their strong numbers, with 98% of Deloitte's cases coming internationally compared with BDO's 88%.

"There's no venue in the world [where] we're not going to have someone from a restructuring perspective," says Deloitte principal **Sheila Smith**. "We're very fortunate that we have a network of member firms."

Smith points out international roles for Deloitte representing creditors and creditors' committees in some countries; monitors in others, such as Canada; and administrators and financial advisers in the U.K., also noting that Deloitte is currently working to expand the breadth of its representations in the U.S., being the only one of the Big Four accounting firms to take on chief restructuring officer engagements. Deloitte has also been involved in recent cases such as **General Motors Corp.**, **AbitibiBowater Inc.** and **Smurfit-Stone Container Corp.** Five of its professionals — **David Lombe**, **John Greig**, **Chris Campbell**, **Neil Cussen** and **Paul Weston** — fill out the top nine among non-investment bank advisers.

As for crisis management firms, **FTI Consulting Inc.** (166 active cases) and **GlassRatner Advisory & Capital Group LLC** (73 active cases) once again headed the pack by a wide margin over **Capstone Advisory Group LLC** (45

active cases). **Huron Consulting Group Inc.**—which placed highly on the volume table — finished fifth (37 active cases), though it posted the biggest drop, plummeting from a total of 48 the previous quarter. The firm's Hugh Sawyer, however, notes a change in restructuring activity.

"Last year we were getting rid of debt and fixing balance sheets," he says; now the focus is "manage working capital and really improve the performance of the underlying business."

Indeed, among crisis managers there was little upward movement. More than half the firms on the list saw their numbers drop, and the only significant boost came from **MorrisAnderson & Associates Ltd.**, which saw its numbers double from 14 to 28 — good for ninth place.

GlassRatner's **Ronald Glass** (45 active cases) once again topped the list among crisis management professionals, well ahead of **NHB Advisors Inc.**'s **Edward Gavin** (27 active cases, down from 34 in the largest drop). The list, however, is littered with **FTI** professionals such as **Ron Greenspan** (third place, 20 active cases), **Michael Eisenband** (fourth place, 19 active cases) and **Steven Joffe** and **J. Robert Medlin** (tied for sixth with **Focus Management Group's Jeffrey Granger**, 15 active cases).

Among investment bankers, league tables newcomer **Broadpoint Gleacher Securities Group Inc.** made an immediate splash, with the firm's Tim O'Connor vaulting into a second-place tie on the strength of 10 active cases. The investment banking category, however, was highlighted by stagnation, as the largest jump by any returning firm was the three-case boost by **Rothschild** (from 15 active cases to 18, seventh overall). Most reporting investment banks saw a drop-off in bankruptcy work, with tables leaders **Houlihan Lokey** (34 active cases), **Jefferies & Co.** (33 active cases) and **Chanin Capital Partners/Duff & Phelps** (30 active cases) all posting negative changes quarter to quarter.

"It's been a dramatic and almost unprecedented slackening of restructuring work, and that's because it's inversely related to the increasing hunger of the financing markets to finance everything," Houlihan's **Jeffrey Werbalowsky** says. "The restructuring deal spigot has more than tightened; there is only a trickle."

Barry Ridings, whose **Lazard** finished fourth in the rankings with 29 active cases, pins the slowdown in bankruptcy work on a high-yield bond market that "is on fire," giving companies access to liquidity that just hadn't been there the past few years.

"Companies have been able to refinance their debt, which has oftentimes delayed the day of reckoning" he says. — *Ben Fidler*