SheppardMullin

TROUBLED ASSETS

Long known for our representation of lenders, asset based lenders and other financial institutions, Sheppard Mullin attorneys are uniquely positioned to represent financial institutions holding troubled assets, buyers of troubled assets, and borrowers with loans secured by troubled assets. Our unique skills in this area include the negotiation and documentation of financial institution strategic transactions (including investment through the TARP program), the representation of financial institutions in regulatory matters, the restructuring and workout of troubled loans, the representation of creditors and others in bankruptcy proceedings and in other trial and appellate litigation, the representation of distressed asset funds and the representation of borrowers whose loans are assigned to the FDIC as conservator or receiver.

Sheppard Mullin: 80 Years of Weathering the Storm

Sheppard Mullin was established in 1927. James Sheppard joined the firm in 1928. Following “Black Monday” on October 28, 1929, the firm not only survived, but thrived, adding named partners J. Stanley Mullin, George R. Richter and Gordon F. Hampton during the Great Depression.

Our tradition of serving clients during troubled economic times has continued to this day. During the last major disruption in real estate and credit markets in the early 1990s, Sheppard Mullin represented a number of investment funds that successfully purchased real estate loans, positioning themselves for outstanding investor returns when markets returned to growth. For example, we represented Midland Loan Services, L.P. as agent for Eastrich Multiple Investor Fund, L.P. Eastrich had purchased 460 commercial real estate loans and properties with an original book value in excess of $1.1 billion. Most of these loans were in default, involved single asset borrowers and resulted in receivership actions in state court and/or cases under Chapter 11 of the Bankruptcy Code. The Eastrich MIF contributed greatly to the growth of Midland Loan Services and remains the company's largest single asset management assignment to date.

Our leadership practice in traditional lending and credit market transactions, a practice that dates back to the restoration of commercial lending as the Great Depression waned, places us at the cutting edge of new opportunities and transaction structures arising from deleveraging, failed financial institutions, and the tightening of credit standards. We believe the current “credit crunch” and depression in asset values provides our clients a historically unique but very limited window of opportunity to position their businesses to lead in the recovery that will inevitably follow the current recession.

Our clients today include many of the leading national and international banks, commercial lenders, and indenture trustees including:

- Bank of America
- The Bank of New York
- CIT Group
- Comerica Bank
- U.S. Bank
- Wells Fargo Bank

Other funds or their sponsors whom we have represented include Kearny Street Real Estate Co., L.P., Lennar U.S. Partners Limited Partnership, Whitehall/J.E. Robert Companies and Essex Properties.

Our current clients transacting in distressed assets include Churchill Capital, Crosswind Capital Inc., MatlinPatterson Global Advisers LLC and ZMC Hotels, Inc.

A Trusted Partner for Seizing New Opportunities in Troubled Times

Some of the opportunities our clients have pursued with our help include:

- Restructuring and workouts of troubled loans, both secured and unsecured
- Negotiated and auction repurchases of loans from the FDIC, First Financial Network, DebtX and distressed asset funds
- Tax structuring related to debt cancellation income
- Loan portfolio acquisitions
- Real estate loan syndications, including workouts
- Counseling and representation of domestic and foreign financial institutions in various U.S. banking regulatory compliance practices, and working with federal and state regulators, including the FDIC, the Federal Reserve and the Department of Financial Institutions (formerly the California State Banking Department), on issues related to the sale or acquisition of a bank, the raising of equity and/or the formation of a holding company
- Avoiding lender liability
- Pre-packaged Chapter 11s
- Section 363 sales and purchases
- DIP financing

In many of today's credit market transactions, the rules are being rewritten on the fly. Through this storm of uncertainty, we offer our clients:

- the **wisdom** of a law firm that has grown its credit, finance and insolvency practices through good times and bad,
- the **knowledge** of lawyers with a "seat at the table" as new laws, regulations, rules, market standards and transaction structures are emerging, and
- a **network** of respected financial institutions, distressed asset funds, investment bankers, asset managers and workout specialists to facilitate comprehensive solutions for client needs.