Recent Issue Headlines

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BANKRUPTCY

Video Interview with Mark Dalton, Alex Sorokin and Neil Wessan of Halsey Lane Holdings: Key Considerations for Distressed Debt Hedge Funds that become "Unnatural Owners" of Equity Following a Reorganization

When a hedge fund is set up – in terms of structure, strategy and managerial experience – to invest in secured debt, and the issuer of that debt defaults, the hedge fund and its manager often wind up in the unnatural position of owning equity or assets. See "Hedge Funds Employing Loan-to-Own Strategies Face (and Resolve) Ownership Dilemmas," The Hedge Fund Law Report, Vol. 2, No. 35 (Sep. 2, 2009). How can such "unnatural owners" maximize the value of their post-reorganization investments? In our inaugural video interview, The Hedge Fund Law Report discussed this and related questions with Mark Dalton, Alex Sorokin and Neil Wessan, founding principals of Halsey Lane Holdings. In particular, we discussed issues including: circumstances in which hedge funds become unnatural owners; why such unnatural owners may be ill-equipped to maximize value following a restructuring; how Halsey Lane manages concerns relating to material, non-public information when advising unnatural owners; how hedge fund managers can negotiate the potential liquidity mismatch between their fund lock-ups and the time required to implement a strategic plan at a restructured company; how hedge funds with a debt strategy can remain faithful to that strategy while owning and managing post-reorganization equity; and more. ***Watch Video...***