

THE NATIONAL
LAW JOURNAL

WINNING

SUCCESSFUL LITIGATORS, POWERFUL STRATEGIES



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We asked our readers to nominate trial attorneys with at least one significant win at jury or bench trial within the past 18 months and have a track record of success over many years. We supplemented these submissions with our own research. The criteria for a “significant win” included substantial damages at stake, establishment of an important precedent being altered or unfriendly jurisdictions overcome.

—MICHAEL MOLINE

A bankruptcy even a baseball fan could love

Litigation team ensured the Texas Rangers’ lenders weren’t left standing.

BY ZOE TILLMAN

Complex bankruptcy litigation doesn’t usually attract much public notice, but when the case involved the fate of a beloved sports team, Andrew Leblanc learned that fans will pay attention to even the most technical of proceedings.

Leblanc, a partner in the Washington office of Milbank, Tweed, Hadley & McCloy, represented lenders contesting the prepackaged sale of the bankrupt Texas Rangers to Major League Baseball Hall of Famer Nolan Ryan. In the face of widespread public support for Ryan’s purchase of the team, Leblanc was prepared to be the bad guy if it meant getting his clients as much return on their investment as possible.

The goal “was to return it to what bankruptcy should be about, which is maximizing recovery for the creditors,” he said. “We had a plan to get this to an auction that would result in robust bidding, and we worked very hard to get to that.”

The plan included early efforts to undercut then-owner Thomas Hicks’ ability to make decisions. By moving for involuntary bankruptcy against the holding companies through which Hicks controlled the team, Leblanc and Milbank colleague Alan Stone forced Hicks to bring in an independent officer to oversee the sale and ensure the team went for the highest possible price.

The persistence paid off when an auction was held in August 2010; U.S. Bankruptcy Judge D. Michael Lynn presided over the case. Ryan and his busi-

ness partners still emerged with the winning bid, but the lenders’ share was 50% higher than the original purchase price, Leblanc said.

The clients were three hedge funds—Monarch Alternative Capital L.P., Sankaty Advisors LLC and Stonehill Capital Management LLC—that were the first-lien lenders to the HSG Sports Group LLC, which owned the Texas Rangers through holding companies including Texas Rangers Baseball Partners.

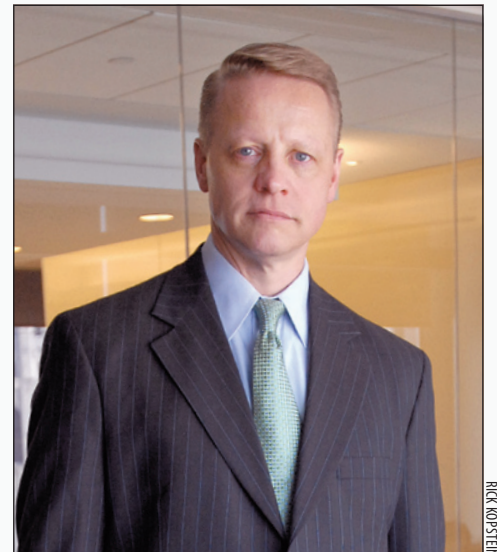
Hicks had defaulted on approximately \$525 million in loans during 2009. Deciding to sell his majority share in the Texas Rangers, Hicks began negotiating with Ryan, who was president of the team, and Pittsburgh attorney Chuck Greenberg. The problem, Leblanc said, was that the lenders believed the Greenberg-Ryan group hadn’t offered the best deal. The lenders reserved the right to reject the deal in light of Hicks’ loan default and pushed for a higher offer to boost their return.

ANDREW LEBLANC & ALAN STONE

| MILBANK, TWEED, HADLEY & MCCLOY



DIEGO M. RADZINSKI



RICK KOPSTEIN

Without warning, the team filed for bankruptcy on May 24, 2010; Hicks' attorneys came prepared with a plan of reorganization that included selling the team to the Greenberg-Ryan group. Leblanc was on a plane to Texas the next day.

A critical move came during the first week in litigation. In trying to remove as much decision-making authority as possible from Hicks and Major League Baseball (MLB) officials, who also were pushing for the Greenberg-Ryan sale, Leblanc and Stone filed a petition for involuntary bankruptcy against two Hicks-owned companies that controlled Texas Rangers Baseball Partners. They then brought in an independent restructuring officer, William Snyder of CRG Partners Group LLC, to oversee the sale. "It was a fundamental shift in the strategy for them. Those entities being in bankruptcy forced them to look for maximum sale" price for Texas Rangers Baseball Partners, Leblanc said.

Lead counsel for Texas Rangers Baseball Partners, Martin Sosland in Weil, Gotshal & Manges' Dallas office, agreed. Hicks and MLB officials settled on a sale to Greenberg-Ryan before vetting other offers, so "we didn't know there wasn't somebody out there who wasn't willing to pay more money. If the involuntary [petition] hadn't been filed, we probably never would have been required to go to auction."

The goal during discovery was to expose conflicts of interest that Stone and Leblanc believed were unfairly guiding the sale. They discovered, for example, that Hicks owned the land surrounding the stadium through a holding company. They wanted to show that Hicks would benefit from the sale in ways that the lenders wouldn't.

Leblanc and Stone also probed MLB's role. As part of the prepackaged sale to the

TRIAL TIPS

Develop a theme early in the case and keep focused on that theme throughout the case.

Be flexible: Although the strategy needs to be consistent, the tactics used to get there will need to change depending on the adversary's approach.

Be prepared: You have to be ready for anything that may get thrown at you.

Have fun! A trial is a journey with ups and downs. Part of the fun is enjoying the ups, but the other part is fighting through the downs.

Greenberg-Ryan group, MLB offered the Rangers temporary financing until the sale was complete. The lenders objected, because the loan came with strings that would push a sale to Greenberg and Ryan. They offered to finance the team themselves. MLB ultimately offered enough money to keep the team afloat and dropped the conditions. "It gave the team flexibility to do what they needed to do in bankruptcy," Leblanc said.

"Our strategy was to make sure that the judge in particular recognized that MLB, even though many consider to it be a hallowed institution, shouldn't have special privileges, including to pick a buyer and say, 'This is the price,'" Stone said.

It was hard to ignore the fact that the Texas Rangers were in the middle of a season (one that would end with the team playing in the World Series). Facebook groups with hundreds of members decried the litigation and, to this day, Leblanc encounters Rangers fans who remember minute details of the case, such as the names of the individual lenders. Still, "we could zealously make arguments without

fear of repercussions," he said. "Everybody expected me to go down there and argue our client should be paid more money."

After months in discovery, Snyder concluded that an auction was the best way to proceed. It took place on Aug. 4, 2010, with the Greenberg-Ryan group bidding against another set of investors. Although details are still being hammered out, the lenders are expected to recover \$340 million, as opposed to the maximum \$220 million they would have received under the original plan, Leblanc said.

"Our strategy was to push for an auction that had the best possible chance for success," Leblanc said. "What that meant was an auction that was fair, that was open, that was transparent [and] that gave people enough time to participate. That was our focus."

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