

Haynes, Lanea

Subject: FW: Bankruptcy reorganization - exchange of debt for equity

From: Gillis, Diana L.
Sent: Wednesday, June 14, 2017 1:37 PM
To: Walsh, Kathryn E.
Cc: Jones, Robert L.; Shaffer, Kristin; Carson, Timothy; Whitehead, Nora
Subject: RE: Bankruptcy reorganization - exchange of debt for equity

The vulture fund exception would preclude the use of 802.63 if the LLC is created and the debt is transferred after the announcement of an intention to file for bankruptcy. We do not see how the debt would be excluded under 801.11(e) in determining LLC's assets.

Diana

From:
Sent: Wednesday, June 14, 2017 11:44 AM
To: Gillis, Diana L.; Walsh, Kathryn E.
Cc: Jones, Robert L.
Subject: FW: Bankruptcy reorganization - exchange of debt for equity

Diane,

Not certain that you received the attached email. The question is whether an LLC is a debtor or not. The LLC will be its own ultimate parent and will only hold debt of the debtor.

The first lienholders acquired debt of the debtor prior to the debtor's announcement of its intention to file for bankruptcy and their direct exchange of debt for equity of the debtor qualifies for exemption under 802.63. The question is whether the exchange of first lien debt for equity by the newly formed LLC qualifies for the 802.63 exemption if the LLC is formed after the debtor announces its intention to file for the