



Cooley
LLP

Case in Point

The Official Committee of Unsecured Creditors of Mervyn's Holdings LLC et al. v. SCSF Mervyn's (Offshore) Inc. et al.

Mervyn's was a moderate-price department store chain that filed for Chapter 11 bankruptcy protection in July 2008. At the time of the filing, the company operated 175 stores across California and the Southwestern United States. It employed 18,000 people and had reported sales of \$2.5 billion.

Cooley represented the official committee of unsecured creditors for Mervyn's and its estate in a highly contentious bankruptcy litigation the committee brought against various private equity firms, financial institutions and others that acquired Mervyn's from Target Corp. in a September 2004 LBO transaction. Cooley, on behalf of the estate and the committee, prosecuted fraudulent transfer, preference and breach of fiduciary duty causes of action against Mervyn's acquirers that concerned asset stripping in a sophisticated OPCO/PROPCO scheme.

Four years after the suit was filed, Cooley secured a settlement that was approved in November 2012 by the U.S. Bankruptcy Court for the District of Delaware. The terms of the settlement required the defendants to transfer a very significant amount of money to the Mervyn's estate through the release of escrowed funds and additional cash and to waive hundreds of millions of dollars of claims against the estate. In exchange, all litigation was dismissed. During the confirmation hearing, The Honorable Kevin Gross said of the attorneys at Cooley, "...I knew the case was in good hands because all the cases in which you've been involved have been handled so professionally and so effectively.... I know it was a very difficult case, and you really – you really did make yourselves proud..."

RESULTS

- The settlement will allow the Mervyn's estate to cover \$93 million in unpaid administrative claims.
- The Mervyn's estate was able to confirm a liquidation plan in March 2013 with material recovery for unsecured creditors owed approximately \$400 million.

THE COOLEY TEAM



Jay R. Indyke
+1 212 479 6080
jindyke@cooley.com



Ronald R. Sussman
+1 212 479 6063
rsussman@cooley.com



Cathy Hershcopf
+1 212 479 6138
chershcopf@cooley.com



Ian Shapiro
+1 212 479 6441
ishapiro@cooley.com



Seth Van Aalten
+1 212 479 6104
svanaalten@cooley.com

www.cooley.com