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## **Gerchen Keller Capital and Chapter 7 Trustee Lee E. Buchwald Close Unique Transaction to Monetize \$213 Million Judgment**

CHICAGO / NEW YORK — On September 8, 2016, Gerchen Keller Capital, LLC and Lee E. Buchwald, Chapter 7 Trustee of Magnesium Corporation of America and Renco Metals Inc., closed a transaction to monetize a portion of the Trustee’s litigation recoveries.

Gerchen Keller paid \$26.2 million for a portion of the Trustee’s net recovery from a \$213 million judgment against The Renco Group, Inc. and Ira L. Rennert. Following a jury trial in federal court in New York, the judgment is currently on appeal to the U.S. Court of Appeals for the Second Circuit.

Gerchen Keller and Buchwald believe this is the first time a bankruptcy trustee or debtor in possession has sold an interest in the right to receive litigation recoveries (although litigation funders sometimes provide post-confirmation financing to plan trustees on terms that are not publicly disclosed).

Gerchen Keller is the world’s largest litigation finance firm, with more than \$1.4 billion in assets under management.

“Our capital helps companies and law firms manage risk, and this transaction provides a perfect example of the value proposition,” said Gerchen Keller co-founder and Managing Director Ashley Keller. “We enabled the Trustee to convert a portion of a contingent asset into cash, reduce appellate risk, and provide essential liquidity to the estate as it continues its litigation battle.”

For his part, the Trustee described several advantages of the transaction.

“All litigation is fraught with risk,” Buchwald said. “I pursued a sale of a portion of the net recoveries on the judgment in part to hedge the Debtors’ downside exposure on the appeal and any further proceedings against the Defendants at a reasonable price, while preserving for creditors all of the upside of my cross-appeal for potentially hundreds of millions of dollars in additional interest.”

“The sale also provides much needed liquidity to the Debtors’ estates and guarantees that there will be funds available to pay long-suffering creditors, irrespective of the outcome of the appeal,” Buchwald said.

Gerchen Keller Managing Director Travis Lenkner noted that the transaction “is just one example of the innovative structures we provide in the bankruptcy and restructuring arena. In

addition to monetizing legal claims or judgments, our firm funds legal fees and costs for offensive claims such as fraudulent conveyance actions. We also provide advisory services for both trustees and creditors.”

Beginning in March 2016, Buchwald coordinated a private marketing process that resulted in Gerchen Keller’s submitting a stalking-horse bid. In July 2016, the U.S. Bankruptcy Court for the Southern District of New York approved Buchwald’s proposed procedures for a Section 363 sale (including a break-up fee for Gerchen Keller and a public auction process).

Gerchen Keller was the successful bidder at auction, and the bankruptcy court approved its bid by order dated August 24, 2016. In obtaining such approval, Buchwald and Gerchen Keller overcame objections to both the bidding procedures and the sale itself that were filed by the Defendants and certain of the Debtors’ noteholders. Thereafter, Buchwald and Gerchen Keller successfully opposed the noteholders’ motion for a stay pending their appeal of the sale order.

Both Gerchen Keller and Buchwald added that they look forward to a successful outcome of the appeal and cross-appeal.

Buchwald was represented by Nicholas F. Kajon, Eric M. Robinson and Dean Pourakis of Stevens & Lee in New York. Gerchen Keller was represented by Jonathan P. Friedland and Elizabeth B. Vandesteeg of Sugar Felsenthal Grais & Hammer in Chicago.

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