Title II vs. Bankruptcy

Stephen J. Lubben

Seton Hall University School of Law, Newark, N.J.
New York Times, Dealb%k In Debt Columnist
SPOE in a nutshell

- A two step process:
  - Recapitalize the operating companies
  - File the holding company
How?

(Goldman’s answer)

After the loss event and significant liquidity outflows, but in advance of making a bankruptcy filing, our parent company would:

• provide certain material entities with additional liquidity, to the extent needed, to support ongoing operations outside of insolvency proceedings;

• extend the maturity of intercompany loans to subsidiaries; and

• re-capitalize certain material entities by contribution of assets or by forgiving intercompany debt.

.goldman sachs’ resolution plan, page 6.
Bankruptcy 101

If a company, on the eve of bankruptcy:

- Gives away its assets, or
- Sells its assets for less than fair value

the creditors or the bankruptcy trustee can claw back that transaction as a fraudulent transfer.
Goldman’s Plan

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