

The Deal

Not a bankruptcy renegade



By Francesca Levy
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Susheel Kirpalani, restructuring adviser at **Quinn Emanuel Urquhart Oliver & Hedges LLP**, relishes oral argument but is just as eager wrapping his arms around a legal conundrum. He proved that much last year, when he handled Solutia Inc.'s bankruptcy case. Poised to emerge from bankruptcy, Solutia sued its lenders -- Citigroup

Global Markets Inc., Goldman Sachs Credit Partners LP and Deutsche Bank Securities Inc. -- for withholding \$2 billion in exit financing it had previously negotiated. Debtor counsel Kirkland & Ellis LLP brought in Kirpalani as special counsel to the chemicals maker.

Kirpalani and his team had less than three weeks to immerse themselves in the intricacies of syndication markets, producing more than a million pages of documents. To counter the banks' argument that a material adverse change in the credit markets prevented them from funding Solutia's exit, Kirpalani argued that the fault lay with the lenders, which structured a loan that didn't suit the current market. They took 30 depositions to prepare for what turned out to be an intense three-day trial.

Things came to a head on the third day of the trial. Kirpalani describes it as "one of the proudest moments" in his career. While cross-examining a senior banker at Goldman, Sachs & Co., Quinn colleague Rick Werder hastily scribbled on a Post-it pad one question that formed part of their line of inquiry: Were borrowers or bookrunners responsible for structuring a transaction that would weather changing markets? Once the banker replied, "That's for the banks' account. That's the expertise we're hired for," Kirpalani decided it was over. The case had shifted in Solutia's favor.

"I wanted to jump out of my chair and tell Rick to sit down. But he was already sitting," he recalls. Two days later, on a snowy Sunday night, Solutia settled with its lenders on a \$2.05 billion exit financing.

"Lots of lawyers are great at making cogent arguments in court, others are good at settling. Susheel's good at both," says Dennis Dunne, a partner at Milbank, Tweed, Hadley & McCloy LLP, Kirpalani's former firm.

Over the years, Kirpalani has earned a reputation as a litigator in adversarial cases, many of which involved creditors' rights. The 39-year-old lawyer, who joined Milbank in 1998 to help build its bankruptcy litigation practice, has a resumé peppered with complex bankruptcies,

including SemGroup LP, Le-Nature's Inc., Refco Inc. and Enron Corp., though he is happy to share the limelight. "I will blow a vacation or a weekend if one of my partners really needs me, and I won't really care who's going to get the credit for this particular matter," Kirpalani says.

Kirpalani was a young upstart -- he graduated from New York's Queens College at 21 and Fordham University School of Law when he was only 24. He spent four years at Stroock & Stroock & Lavan LLP before joining Milbank, where he became the youngest person to make partner, at 31. In 2007, Quinn founder John Quinn coaxed him over to expand the firm's bankruptcy litigation work.

At Quinn, he has increasingly gravitated toward the courtroom. ("I like the theater of it," he says.) His new practice has expanded to roughly 15 lawyers in the New York, London and Los Angeles offices.

Being at a midsize firm also has freed him in some ways of the inherent conflicts of working with large Wall Street institutions. "When you're representing hedge funds, private equity funds, unsecured creditors or Chapter 11 debtors, very often your adverse party is a major money center bank that has collateral and that has a different agenda than what might be in the best interests of all creditors," he says. "At Milbank it was truly difficult to explore those opportunities in the way I was being asked to explore them. Coming to a firm that does not represent any major banks was kind of the perfect fit for me."

Kirpalani has been known to take certain cases out of bankruptcy court to obtain the best outcome for clients. Jury trials, he explains, work well when clients are sympathetic investors. Another case might do better in state court if it hinges on an issue unique to state law.

Does the New York bankruptcy bar view him as a renegade? Far from it. The bar's attorneys, whom Kirpalani calls "older brothers," bring his practice on board in cases where his specialized skills would be of use. This is because he doesn't cross the fine line between aggressiveness and recklessness, he says, distinguishing himself from "bomb throwers," or litigators who bring suits for nuisance value.

As Kirpalani says, bomb throwing is not why lawyers like him get hired.