

Deloitte facilitates a favourable ruling to approve assets transfer, leading to a successful restructuring outcome for CHC and associated entities. Total fees of \$400k-\$450k.

On 10 January 2017, Stuart Sybersma and Neville Kahn of Deloitte were appointed joint provisional liquidators (the "JPLs") to CHC Group Ltd. (the "Company"), the parent company of the global helicopter services group, which primarily provides transportation to the offshore oil and gas industry, as well as search and rescue services.



The provisional liquidation was an ancillary proceeding to Chapter 11 proceedings in the US, in which a Restructuring Plan (the "Plan") had been proposed. The JPLs' work resulted in a successful application to the Grand Court of the Cayman Islands (the "Cayman Court") for the purposes of approving the transfer of assets proposed in the Plan.

### **Background**

The Company, along with 42 affiliated group entities (the "Group"), petitioned for relief under Chapter 11 of the US Bankruptcy Code on 5 May 2016. At the date of the petition, the Group had outstanding debts of approximately \$1.6 billion. The Group proposed the implementation of a debt for equity restructuring as part of the Chapter 11 proceedings that would allow the group to continue trading and for partial satisfaction of its creditor claims.

As the Company, being the ultimate parent in the Group, was domiciled in the Cayman Islands (outside of the jurisdiction of the US Court), it was deemed prudent to obtain an Order from the Cayman Court validating the transfer of assets proposed in the Plan, subject to it being confirmed in the US Court.

### **Scope of the provisional liquidators' work**

The JPLs' ultimate objective was to independently assess the Plan, and support, or otherwise, the Company's application in the Cayman Court for a Validation Order under Section 99 of the Companies Law (2016 Revision), which would have the effect of approving the transfer of assets proposed under the Plan. As part of this analysis, the JPLs considered the following questions:

- Was the Plan in the best interests of the creditors of the Company and the Group?
- Was there any evidence that any creditors were unfairly prejudiced?

- Was the process to notify the Company's creditors of the Chapter 11 proceedings and the provisional liquidation appropriate?

The JPLs conducted financial and qualitative analysis on the proposed Plan in order to answer the above questions and prepared a comprehensive report detailing their assessment, which was submitted to the Cayman Court. The JPLs' work concluded that the Plan represented a better result for the creditors of the Company (and the Group) than in a liquidation scenario. Further, the JPLs were satisfied that the Plan was not prejudicial to the interests of the creditors of the Company. It was also concluded that notifications during the Chapter 11 and provisional liquidation were appropriate.

### **Deloitte Team**

The Deloitte Cayman Islands Restructuring Services team worked seamlessly with the UK Restructuring Services team, to provide a highly structured and detailed work product. Our team worked closely with the Company, its financial advisors, and legal counsel during the process of analysing the impact of the Plan, and produced a high quality report within a short timeframe. This report was a key piece of evidence used by the Cayman Court in its assessment as to whether to make the Validation Order.

Our work product resulted in a favourable ruling at the Cayman Court that gave its approval for the transfers proposed under the Plan. The Validation Order from the Cayman Court was then filed at the US Court as part of the Plan confirmation hearing in February 2017. The Restructuring Plan was subsequently confirmed by the US Court which has resulted in the successful restructuring of the Group.

This high profile engagement enhances Deloitte's profile as an independent restructuring appointee, and demonstrates how our teams can work efficiently and productively, despite being located in different jurisdictions.

### **Key contacts**

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