



U.S. COURT OF APPEALS FOR THE FIFTH CIRCUIT GRANTS HSG'S CLIENT VICTORY IN SERTA DISPUTE

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In a case closely watched by the financial community, the U.S. Court of Appeals for the Fifth Circuit ruled on December 31 that Serta Simmons Bedding LLC's restructuring of its debt in June 2020 was not an "open-market purchase" within the meaning of the relevant credit documents, vindicating HSG's clients, issuers of collateralized loan obligations managed by LCM, who were appellants and had been challenging the transaction since June 2020.

HSG has been representing the LCM entities in a dispute with Serta over its COVID-related refinancing. In June 2020, Serta entered into a transaction where it received \$200 million of new-money financing from a group of lenders—which did not include LCM—who also agreed to redeem their first- and second-lien loans for a new category of super-priority debt with payment rights ahead of the first-lien loans owned by the LCM entities and others. HSG litigated the case in New York, until the matter moved to bankruptcy court in Texas, where HSG was lead counsel for the LCM entities in a bench trial in May 2023. On December 31, the Fifth Circuit reversed the judgment of the bankruptcy court on the core contract issue.

Partner Vincent Levy led the charge on appeal and argued before the Fifth Circuit, supported by the appellate and trial team of partners Neil Lieberman and Priyanka Timblo, and associates Brian Goldman and Patrick Woods.

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