
Hughes Hubbard & Reed

Firm Assists FDIC in Successful Resolution of Doral Insolvency

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Hughes Hubbard represented the FDIC in the successful closure and resolution of Doral Bank and the negotiation of a comprehensive settlement with Doral Bank's former parent corporation, Doral Financial Corporation (DFC), which resolved all claims among the related entities and secured the dismissal of two federal litigations relating to these claims.

The FDIC retained HHR in preparation for the closure of Doral Bank and the sale of the bank's assets and transfer of its liabilities. Doral Bank's closure by the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico was completed without incident, and the FDIC was appointed as receiver on Feb. 27, 2015. On the same day, the FDIC entered into a purchase and assumption agreement to transfer substantially all of Doral Bank's assets and liabilities to Banco Popular de Puerto Rico in Hato Rey, Puerto Rico.

After closure of the bank, DFC and its wholly owned subsidiary Doral Properties Inc. (DPI) filed voluntary Chapter 11 bankruptcy petitions with the Bankruptcy Court for the Southern District of New York in March and November 2015, respectively. HHR was retained to represent the FDIC in the bankruptcy proceeding and in response to claims submitted by DFC and its subsidiaries in the FDIC's administrative claims process.

DFC and DPI filed substantial claims into the receivership, and the FDIC asserted claims into the Chapter 11 estates. After the FDIC issued its determination of the Chapter 11 debtors' claims, each of DFC and DPI commenced litigations in the U.S. District Court for the District of Columbia to pursue their claims.

In August 2016, after months of negotiation, the parties reached an agreement on a settlement resolving all intercompany claims between the related entities, resulting in the waiver of any claims by DFC and DPI into the receivership (and dismissal of the federal litigations) and securing the FDIC an allowed administrative expense claim against DFC of \$700,000, an unsecured claim of \$4.25 million, in addition to the release of \$1.7 million in cash from certain deposit accounts. The bankruptcy court approved the settlement on Sept. 6.

Gabrielle Glemann led the bankruptcy team with support from Christopher Kiplok, Scott Christensen, Jeff

Margolin, Robert DeLay and Matthew Reynolds. Mark Denham led the corporate team in conjunction with Steve Greene, Stephen Luger, Jerry Harrison, Andy Braiterman, Vilia Hayes, Celeste Pozo, Jose Bermudez and Charlotte Marill. In addition to Christensen, the litigation team included Aviva Wernick and Jason Benton.

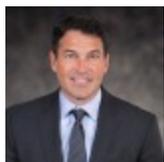
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