
Hughes Hubbard & Reed

Hughes Hubbard Helps Canadian Receiver Obtain Chapter 15 Protection

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Hughes Hubbard & Reed assisted PricewaterhouseCoopers Inc. (PwC) as Canadian receiver of Fletcher Leisure Group Ltd. and its affiliates in obtaining emergency Chapter 15 relief and selling their businesses.

When PwC was appointed receiver under the Bankruptcy and Insolvency Act of Canada, it tapped Hughes Hubbard to assist with Fletcher Leisure Group's US assets. Acting on an expedited timetable, Hughes Hubbard helped PwC safeguard and sell Fletcher Leisure Group's businesses under Chapter 15 of the Bankruptcy Code, which allows US bankruptcy courts to cooperate with foreign representatives involved in cross-border insolvency cases.

Fletcher Leisure Group Ltd. and its affiliates manufacture and sell ski and golf apparel under such brand names as Sunice, Tommy Hilfiger Golf, AUR Golf and Bridgestone Golf. Hampered by limited liquidity and an overleveraged balance sheet, Fletcher Leisure Group consented to PwC's appointment as receiver in bankruptcy proceedings in Quebec.

On Oct. 22, the same day PwC was appointed receiver, Hughes Hubbard secured a temporary injunction protecting the U.S. assets of Fletcher Leisure Group from all collection actions by creditors. In granting Hughes Hubbard's emergency motion, U.S. Bankruptcy Judge Burton R. Lifland found that Hughes Hubbard had sustained PwC's burden of demonstrating irreparable harm to Fletcher Leisure Group if an injunction were not issued and a likelihood of success that the Canadian bankruptcy proceedings would be recognized as the "center of main interest" for liquidating Fletcher Leisure Group's assets.

Hughes Hubbard returned to bankruptcy court on Nov. 13, having assisted PwC and leading Canadian law firms Fasken Martineau; Blake, Cassels & Graydon; and McMillian LLP in arranging a going-concern sale of substantially all of Fletcher Leisure Group's assets to Fame Jeans Inc. At this hearing, Judge Lifland extended the injunction against creditor actions on a permanent basis and recognized PwC as an authorized "foreign representative"

under Chapter 15 of the Bankruptcy Code. He also approved Hughes Hubbard's expedited motion to sell Fletcher Leisure Group's assets located in the U.S. free and clear of liens, claims and encumbrances. The Chapter 15 relief will allow PwC to maximize the value of Fletcher Leisure Group's businesses for the benefit of all creditors in the Canadian proceedings.

Dan Lubell, Eleni Theodosiou and Webster McBride represent PwC as Canadian receiver, with assistance from Jeff Margolin.

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