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Southern District of Texas Bankruptcy Court Finds LME Transactions Violated Credit Agreement, But Limits Recovery to Potential Claim in *Robertshaw* Litigation

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In their article published in the *Journal of Bankruptcy Law* titled, “Southern District of Texas Bankruptcy Court Finds LME Transactions Violated Credit Agreement, But Limits Recovery to Potential Claim in *Robertshaw* Litigation,” Schulte Roth & Zabel partner Doug Mintz, special counsel Peter Amend and associate Robert Brown discuss a bankruptcy court decision holding that a prepayment of a term loan debt violated the plain terms of the credit agreement.

Bankruptcy Judge Christopher Lopez of the US Bankruptcy Court for the Southern District of Texas has issued a highly anticipated decision rejecting one lender’s (Lender Defendant) request to void a prepayment made by the borrower, Robertshaw, to Lender Defendant in December 2023. In the decision, Bankruptcy Judge Lopez addressed a narrow contractual dispute centered around a series of liability management transactions conducted by Robertshaw and certain of its secured lenders (Lender Plaintiffs) to the exclusion of the Lender Defendant. Bankruptcy Judge Lopez found that a prepayment of term loan debt violated the plain terms of the credit agreement, but that the other transactions should stand and Lender Defendant’s sole remedy is a claim against Robertshaw for breach of contract.

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