

Alpha Media Gets OK For \$267M Chapter 11 Plan

By **Rick Archer**

Law360 (April 1, 2021, 5:09 PM EDT) -- A Virginia bankruptcy judge on Thursday approved radio chain Alpha Media's \$267 million Chapter 11 plan, overruling arguments by the U.S. Trustee's Office that creditors weren't given sufficient opportunity to reject the plan's legal releases.

At a virtual hearing, U.S. Bankruptcy Judge Kevin Huennekens signed off on Alpha Media's restructuring plans over the U.S. trustee's objections, noting that most of the creditors the trustee said should have been better informed of their ability to opt out of the legal releases have no reason to object to the plan.

"There hasn't been any claim identified that could compete with payment in full," he said.

Alpha Media, which operates more than 200 radio stations in the U.S., filed for Chapter 11 protection in January with a prearranged plan to recapitalize \$267 million in debt as it seeks to overcome the effects of the COVID-19 pandemic on the radio industry.

The plan calls for the equitization of \$72.6 million in second-lien debt and payment in full for unsecured creditors. A \$115 million financing package will retire the existing \$90 million in first-lien debt and provide additional capital to the company.

Counsel for Alpha Media said the second-lien debtors, the only creditor class able to vote on the plan, had endorsed it, and the only objection came from the U.S. trustee, who argued against the plan's third-party legal releases.

The trustee argued the notices sent to nonvoting creditors — such as the first-lien and unsecured creditors — failed to expressly state that creditors could opt out of the releases, instead saying they would be deemed to accept the plan unless they filed an objection.

"Objecting to the plan is materially more difficult than opting out of a release," B. Webb King, representing the trustee, said at Thursday's hearing.

Judge Huennekens, however, agreed with Alpha Media that the notices were sufficient, saying the creditors in the case are "sophisticated parties."

"I think that parties have to protect their own interests," he said.

He also agreed with Alpha Media's arguments that the company would never have reached agreement on its plan without the legal releases.

"If we don't approve the third-party releases, unsecured creditors don't get paid, nobody gets paid," he said.

Alpha Media is represented by Justin Bernbrock, Bryan Uelk and Colin Davidson of Sheppard Mullin Richter & Hampton LLP and Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams and Brian H. Richardson of Kutak Rock LLP.

The Office of the U.S. Trustee is represented by B. Webb King.

The case is In re: Alpha Media Holdings et al., case number 3:21-bk-30209, in the U.S. Bankruptcy Court for the Eastern District of Virginia.

--Additional reporting by Nathan Hale and Vince Sullivan. Editing by Daniel King.

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