



## Stephen A. Donato

### Member

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### Profile

**Stephen is co-chair of the firm's business restructuring, creditors' rights and bankruptcy practice. He concentrates his practice on complex corporate workouts, restructuring and bankruptcies. Stephen has represented clients for more than 40 years concerning all aspects of financial restructuring and bankruptcy matters.**

Stephen handles matters which include representation of borrowers in chapter 11 bankruptcy cases, secured and unsecured creditors, creditors' committees, indenture trustees, bondholders, debtor-in-possession financing and exit facilities. He also has extensive experience advising health care institutions and higher education institutions, including colleges, universities, private high schools and charter schools. Stephen has also represented buyers and sellers of distressed assets in out-of-court transactions, including public and private sales. Stephen is a Fellow of the American College of Bankruptcy, which is an honorary public service association composed of bankruptcy judges, attorneys, professors and restructuring professionals whose members are selected by their peers and admitted based upon achievements in the profession. He has also served as an expert witness in state and federal court cases.

### Areas of Experience and Representative Matters

- The Diocese of Rochester a/k/a The Roman Catholic Diocese of Rochester. Stephen serves as co-lead counsel to the Diocese in a chapter 11 reorganization filed on September 12, 2019 in the U.S. Bankruptcy Court in Rochester, New York. The Diocese became the first of the state's eight Dioceses to file for chapter 11 and the 20th nationwide. The Diocese filed for reorganization due to the financial implications of more than 300 lawsuits alleging past sexual abuse claims. The Diocese sought bankruptcy protection to reorganize its finances, establish funds to pay creditor claims and create a plan for the Diocese to continue its not-for-profit mission.
- The Diocese of Buffalo, New York. Stephen serves as co-lead counsel to the Diocese in a chapter 11 bankruptcy reorganization which was filed on February 27, 2020. The Diocese was the 21st Catholic Diocese in the United States to file for bankruptcy protection. The Diocese filed for reorganization due to the financial implications of more than 500 lawsuits alleging past sexual abuse claims. The decision to pursue a chapter 11 reorganization was necessary in order for the Diocese to reorganize its finances, establish funds to pay creditor claims and

### Education

- Creighton University (J.D., *cum laude*, 1983)
- London School of Economics (*Summer 1982*)
- State University of New York at Plattsburgh (B.A., *cum laude*, 1980)

### Bar/Court Admissions

- New York
- U.S. Court of Appeals for the Second Circuit
- U.S. District Court for the Northern District of New York
- U.S. District Court for the Southern District of New York
- U.S. District Court for the Eastern District of New York
- U.S. District Court for the Western District of New York

### Practices

- Health Care
- Business Restructuring, Creditors' Rights and Bankruptcy

create a plan for the Diocese to continue its not-for-profit mission.

- The Roman Catholic Diocese of Syracuse, New York. Stephen serves as co-lead counsel to the Diocese in a chapter 11 bankruptcy reorganization which was filed on June 19, 2020. The Diocese filed for reorganization due to the financial implications of more than 100 lawsuits alleging past sexual abuse. The Diocese sought bankruptcy protection to reorganize its finances, establish funds to pay creditor claims and create a plan for the Diocese to continue its not-for-profit mission.
- Rochester Drug Co-Operative, representation of a large distributor of pharmaceutical supplies in a chapter 11 reorganization. The filing provides RDC with an opportunity to conduct business while seeking a qualified bidder to continue its operations and to pay creditor claims.
- Centerstone Linen Services, LLC d/b/a Clarus Linen Systems, representation of five Debtors who filed separate, voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of New York in December 2018. Headquartered in Buffalo, New York, Clarus operated five production facilities in multiple states. The chapter 11 case resulted in the sale of the operations and assets to three separate buyers which resulted in distributions to the creditors.
- Carthage Specialty Paperboard, Inc., representation of the Mill in a chapter 11 case filed in February 2018 in the U.S. Bankruptcy Court for the Northern District of New York. The Mill is over 125 years old and produces several grades of uncoated recycled paperboard for industries. At the time of filing, the Mill had \$31 million in liabilities and an estimated \$14 million in assets. The Mill was sold through a 363 sale process which resulted in the preservation of jobs and a distribution to creditors.
- Masonic Care Community, representation of the Masonic Care Community Board of Trustees concerning a \$40,000,000.00 claim in a multi-million-dollar Cayman Island hedge fund. He served as a member of the Cayman Liquidation Committee and participated in a dispute resolution proceeding in which our clients recovered almost 100% of their claims.
- Representation of higher education institutions, including colleges, universities, private high schools and charter schools in financial restructuring and workouts, essential business processes and financial performance.
- Capital Bank, N.A., representation of Capital Bank in prosecuting a multi-million-dollar fraudulent conveyance action in U.S. Bankruptcy Court for the Middle District of Florida against a medical practice group in South West Florida.
- Huntington Bancshares Incorporated, representation of the Bank with a \$35 million secured claim in a ski resort chapter 11 case, Kiebler Recreation, LLC, filed in the U.S. Bankruptcy Court for the Northern District of Ohio.
- Auburn Memorial Hospital, representation of a not-for-profit 200-bed hospital in chapter 11 reorganization in the U.S. Bankruptcy Court for the Northern District of New York which included settlement of complex claims between secured lenders, a surety company and the unsecured creditors, and the termination of the hospital's multi-employer defined benefit plan, settling withdrawal liability claims, and a successful transition of its pension plan to the Public Benefit Guarantee Corporation.

- Flour City Bagels, LLC, representation of the largest franchisee of Bruegger's Enterprises, Inc. in the U.S. Bankruptcy Court for the Western District of New York (Rochester).
- County of Nassau, representation of the County in the Twin Rinks at Eisenhower, LLC chapter 11 case as licensor of a failed recently constructed \$50 million ice skating and training facility administered in the U.S. Bankruptcy Court in the Eastern District of New York. The case was successfully resolved through a sale process resulting in a sale to the owners of a National Hockey League franchise.
- Official Committee of Unsecured Creditors In Re Buffalo Sabres, Inc., representation of the Creditors' Committee in the chapter 11 case of the NHL Buffalo Sabres which resulted in payment of essentially 100% of all unsecured creditors.
- OFI MGA Alpha Palmares, Oval Palmares Europlus and UMR Select Alternatif, representation of several foreign funds that allegedly redeemed investments in Fairfield Sentry, a feeder fund of Bernard L. Madoff Investment Securities LLC (BLMIS); these funds are presently defendants in litigation commenced by both the Fairfield Sentry liquidators and the SIPA Trustee for the BLMIS liquidation proceeding of several French funds who allegedly received redemptions and are now defendants in the Fairfield Sentry and Madoff recovery actions.
- Representation of AngioDynamics, Inc. as the largest creditor in the New Jersey Biolitec, Inc. chapter 11 bankruptcy case and successfully removed existing management and obtained the appointment of an 1104 Operating Trustee.
- Official Committee of Unsecured Creditors in the TLC Health Network case, representation of the Creditors' Committee in the chapter 11 case of a not-for-profit health system comprised of a hospital operating in Western New York and several outpatient facilities throughout Western New York.
- Mid-State Raceway, Inc., representation of the Official Committee of Unsecured Creditors in the chapter 11 case of a central New York harness racetrack which resulted in payment of almost 100% of all unsecured claims.
- Northeast Biofuels, representation of the Creditors' Committee in the chapter 11 case of the largest ethanol facility in the Northeast which was filed in the U.S. Bankruptcy Court for the Northern District of New York.
- Endicott Interconnect Technologies, Inc., representation of electronics manufacturing company located in Endicott, New York in a complex chapter 11 sale process.
- Sheehan Memorial Hospital, representation of the Creditors' Committee in the chapter 11 case of a Buffalo hospital.
- The Albert Lindley Lee Memorial Hospital, a/k/a A. L. Lee Memorial Hospital, representation of the Hospital in a chapter 11 reorganization which included the implementation of a HEAL Grant award.
- The True North Entertainment Complex Limited Partnership, United States representation of Canadian purchasers of a National Hockey League franchise to be relocated from the United States to Winnipeg, Canada.
- Appleridge Retirement Community, Inc., nursing home and adult residence debtors in chapter 11 case in the U.S. Bankruptcy Court for the Western District of New York.

- Representation of former shareholders defending millions of dollars of alleged fraudulent conveyance transfers in the Trinum Group, Inc. chapter 11 cases filed in the Southern District of New York.

Stephen has lectured for the American Bankruptcy Institute, the American Bar Association, the New York State Bar Association, and the Turnaround Management Association and at the request of various business clients concerning many facets of financial restructuring matters. He has also guest lectured at Syracuse University.

Stephen is a former Judicial Law Clerk for the United States Bankruptcy Court for the Northern District of New York, Hon. Leon J. Marketos and the Hon. Stephen D. Gerling (1983-1985).

## Honors & Affiliations

- Fellow, American College of Bankruptcy
- Listed in:
  - *The Best Lawyers in America*®, Bankruptcy and Creditor Debtor Rights / Insolvency and Reorganization Law; Litigation - Bankruptcy, 1993-2024 (listed for more than 30 years)
    - Lawyer of the Year (Syracuse), Litigation - Bankruptcy, 2013; 2019
    - Lawyer of the Year (Syracuse), Bankruptcy and Creditor Debtor Rights / Insolvency and Reorganization Law, 2012
  - *New York Super Lawyers*®, Bankruptcy: Business, 2007-2023 (listed for more than 15 years)
  - *Martindale-Hubbell*®, AV Preeminent Rated
- Upstate New York Turnaround Management Association, Founder and Director, Former Program Director and Former Membership Director
- New York State Bar Association
- Onondaga County Bar Association
- American Bankruptcy Institute
- Capital Region New York Bankruptcy Bar Association
- Commercial Law League of America
- Central New York Bankruptcy Bar Association, Founder and First President

## Representative Publications

- Quoted in "Higher Ed Law Firm Takes on Bankruptcy Trustees in Tuition Battles," *The Wall Street Journal*, June 29, 2016

## Representative Presentations

- Panelist, Contested Chapter 11 Confirmation Issues, 19th Annual WNY Bankruptcy Conference, June 9, 2023
- Panelist, Resolving Mass Tort Liability in Bankruptcy Post Purdue Pharma, TMA Upstate New York Chapter, October 13, 2022
- Distressed Institutions of Higher Education: An Exploration of Options, Employment Law Alliance, November 3, 2021

- The Great Contraction: Managing Financial Distress with Strategic Partnerships, Mergers, and Institutional and Program Closures, NACUA Annual Conference, June 24, 2021
- Time Bombs in Bankruptcy, New York State Bar Association, October 22, 2020
- Lecture regarding Distress Investing, Le Moyne College Madden School of Business at Fordham Law School, June 6, 2018; June 5, 2019
- Moderator, *Sound Investing vs. Speculation: Yesterday, Today, and the Future*, Upstate New York Turnaround Management Association, Manufacturer's Association of Central New York, CenterState CEO, Upstate Venture Connect, and the Madden School of Business event, April 18, 2018
- Panel Member, Four Part Webinar Series: *The Business of Higher Education: Sustainability*, January 22, 2018; *The Business of Higher Education: Strategic Planning and Leadership*, February 26, 2018; *The Business of Higher Education: Return on Investment*, March 26, 2018 and *The Business of Higher Education: Sustainability, Leadership, Assessment and Action*, April 30, 2018
- Panel Member, *Beyond Quick Fixes: Building a Sustainable Small College Business Model*, Eastern Association of College and University Business Officers, October 2017