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CORPGROUP GETS CHAPTER 11 PLAN APPROVAL

Chile's CorpGroup gets Chapter 11 plan approval

Lily Squires

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Simpson Thacher & Bartlett LLP in New York and Washington, DC and Carey in Santiago have helped Chilean financial holding company CorpGroup obtain approval for its Chapter 11 plan in New York.

NLD Abogados in Santiago advised a group of unsecured creditor representatives – also known as the unsecured credit committee.

Latin Lawyer understands that Morgan, Lewis & Bockius LLP also advised the group of creditors, but could not confirm this before publication.

The plan was approved on 15 June and subsequently confirmed by the US bankruptcy court for the district of Delaware after an evidentiary hearing.

CorpGroup will restructure nearly US$2 billion worth of debt in the Chapter 11 process, including US$500 million worth of bonds on which the company defaulted in 2020.

CorpGroup's revenue is heavily reliant on the dividends paid by Itaú Corpbanca – in which it now holds a 26.2% stake. Between 2013 and 2016, CorpGroup received an average annual dividend of US$107 million, but this fell to just US$18 million between 2016 and 2020.

The group has overcome several obstacles before getting court approval for its restructuring plan. It obtained interim court protection to fend off any collection attempts by foreign creditors back in 2021. It filed for the Chapter 11 bankruptcy in June of that year.

In February, CorpGroup sold a 12.4% stake in Itaú CorpBanca's Colombian subsidiary to Itaú Unibanco for US$414 million. Simpson Thacher advised CorpGroup on the sale as well as in the interim court protection decision.

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