

Pavel, Margarit & Associates Romanian Law Firm advised a major company in a successful reorganization case

Having over 10 years of experience in restructuring and insolvency cases, Pavel, Margarit & Associates Romanian Law Firm managed one of the most successful reorganization file in this area of practice on the Romanian legal market. The lawyers specialized in insolvency and reorganization from Pavel, Margarit & Associates Romanian Law Firm advised one of the largest players in the metallurgical industry, a company with a turnover of tens of millions of euro, and helped the Romanian company go through the reorganization process and reintegrate into the economic circuit.

According to statistics, only 3% of the companies that opened the insolvency proceedings succeed in reorganizing their activity.

The lawyers specialized in insolvency and reorganization from **Pavel, Margarit & Associates** Romanian Law Firm started to advise this client 9 years ago, when the company began to face financial problems.

Pavel, Margarit & Associates Romanian Law Firm advised the company on drafting the reorganization plan, providing assistance and representation during reorganization period, for three years. It was an extremely complex insolvency case that involved not only to advise the client on cost management but also complex negotiations with creditors in order to obtain their agreement on the reorganization plan.

After the reintegration of the company into the economic circuit, **Pavel, Margarit & Associates** Romanian Law Firm continues to provide assistance to the manufacturer. Recently, the Law Firm has obtained a favorable court decision and the court has rejected a creditor's request to reinstate the company into insolvency. The lawyers from **Pavel, Margarit & Associates** Romanian Law Firm have proved that the creditor, a large local bank, has made an unsubstantiated claim, as the company was not insolvent.

Thus, the insolvency procedure cannot be used as a way of intimidating the debtor to pay a claim. When the company is not in a state of insolvency because it makes payments and does not register debts, a specialized lawyer may reject the request of opening the insolvency proceedings.

"Companies in insolvency are some of the most complex cases that can be managed by law firms. A lawyer specialized in insolvency and reorganization must have in-depth knowledge not only about the structure of a business, but also about banking and the structure of loan agreements. Also, in almost all the insolvency cases, our specialized lawyers have been able to demonstrate their advocacy skills, always obtaining favorable sentences for our clients in court", said **Radu Pavel**, the *Managing Partner of Pavel, Margarit & Associates Romanian Law Firm*.

Due to its successful cases, **Pavel, Margarit & Associates** Romanian Law Firm was ranked in 2019 for the third year in a row on second place in Romania in Restructuring and insolvency practice area by Legal 500, the most important law guide in the world.

According to statistics, in 2018, 8,177 firms entered the insolvency proceedings in Romania. The number is slightly smaller than in 2017. About 540 of these insolvent companies had a turnover of over EUR 0.5 million. The area that was the most affected by insolvency is construction. Also, many insolvent companies activate in retail, wholesale and distribution areas.

Companies in insolvency should hire a lawyer with a long experience in such cases. Lawyers specialized in

insolvency and reorganization from **Pavel, Margarit & Associates** Romanian Law Firm have a very good success rate in such cases, whether their clients have been companies in insolvency or creditors of insolvent companies.