Rising Star: Davis Polk’s Damian Schaible

By Max Stendahl

Law360, New York (April 15, 2014, 2:03 PM ET) -- At just 37, Damian Schaible of Davis Polk & Wardwell LLP has built a resume that would be the envy of lawyers twice his age, piloting major airlines through Chapter 11 restructurings and helping Wall Street giants craft “living wills” after the financial crisis — work that earns him a spot on Law360's list of rising legal stars.

Schaible is one of eight bankruptcy attorneys under 40 named to Law360's Rising Stars for 2014. He worked as an associate from 2002 until 2009 before being named a partner in Davis Polk’s insolvency and restructuring group in New York.

Schaible’s practice runs the gamut of corporate restructurings and bankruptcies. During his career, he has represented debtors, creditors, agent banks, lenders, asset purchasers and other parties.

Several major players in the oft-distressed airline industry have benefited from Schaible’s work. They include Pinnacle Airlines Corp., one of the largest regional airlines in North America, which underwent a wholesale restructuring of everything from its fleet to its headquarters location. The company was ultimately sold to its main customer, Delta Air Lines, and emerged from bankruptcy in 2013.

"Going into that case, the common wisdom in the market was that Pinnacle would almost surely liquidate, all the jobs would be lost, and there would be messy litigation for years to come,” Schaible said. “I was very proud of our role as lead counsel, where we were able to right-size the airline, restructure its operations and get the airline to a place where it could be sold as a going concern."

Another of Schaible’s high-profile clients was Patriot Coal. The coal mining company sought Chapter 11 protection in July 2012 amid steep retiree medical and pension liabilities and headwinds in the coal market and regulatory environment, but emerged from bankruptcy in December 2013.

Schaible, who clerked for Sixth Circuit Judge Danny J. Boggs, has also helped to bolster Davis Polk’s already-strong position in the financial industry, representing JPMorgan Chase & Co. as a lender in the Chapter 11 cases of The Tribune Co. and Cengage Learning. In the Tribune matter, the media giant emerged from bankruptcy in December 2012, with JPMorgan and other senior lenders receiving more than 98 percent of the stock of the reorganized company.

In a modern legal twist on traditional bank failures, Schaible and others at Davis Polk have been at the forefront of an effort to use the bankruptcy process as an alternative to Federal Deposit Insurance Corp., or FDIC, receivership. In 2013, for example, Schaible advised Capital Z Partners as an investor in the $175
million recapitalization of a small Wisconsin bank through the Chapter 11 filing of the bank’s parent company. Only a handful of such deals have been consummated to date, according to Davis Polk.

And Schaible has also advised major banks in developing living wills, a provision of the post-crisis Dodd-Frank Act. Intended as a response to the issue of banks being “too big to fail,” the financial reform law now requires the largest firms to submit plans for resolution under the Bankruptcy Code.

"Five years ago, it was almost unheard of to use the Bankruptcy Code to recapitalize a troubled bank,” Schaible said. “In the last five years, though, we’ve been able to help lead the charge in what’s becoming a growing cottage industry."

Having climbed the ranks at Davis Polk, Schaible now chairs the New York City Bar Association’s Committee on Bankruptcy and Corporate Reorganization, a highly sought-after title. His advice to young lawyers hoping to make a similar leap? Find a good mentor, ask a lot of questions, and don’t be afraid to try something new and difficult.

“It can seem easier to fall back on what you know, but it’s more interesting to stretch yourself and find a niche where you can really make a difference as a junior lawyer,” he said.

--Editing by John Quinn.