

# *News Advisory*

From the Rhode Island Judiciary



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## **Hospital deal overseen by Superior Court wins award from business network**

**January 27, 2014:** The deal that turned around the financially strapped The Westerly Hospital – a restructuring overseen from 2011 to 2013 by the Rhode Island Superior Court – has received national recognition from a leading network of financial professionals.

The Merger & Acquisition Advisor, based in New York City, announced last week that the hospital's acquisition in 2013 by Lawrence & Memorial Hospital of New London, Conn., would receive its annual Turnaround Award as Deal of the Year in the health-care sector. The Westerly Hospital filed for receivership in December 2011 after struggling to pay its creditors and employees. Superior Court Associate Justice Brian P. Stern appointed attorney W. Mark Russo as special master to run the hospital during the receivership and to seek bids for its acquisition. Judge Stern presided over dozens of hearings and conferences in the process.

“This is a tangible demonstration that there is a real alternative to federal bankruptcy for organizations in financial distress, in particular where the state has a major policy, health or public protection interest,” Judge Stern said today. “The result in this case is exactly what former Superior Court Presiding Justice Joseph F. Rodgers Jr. spoke about when he created the court's Business Calendar 13 years ago – to have a specialized and efficient calendar for companies in distress that will preserve jobs and services in Rhode Island. In this case, the Department of Health, the attorney general, the Town of Westerly, the United Nurses and Allied Professionals and local stakeholders all worked together to make this a success. This is positive news for the legislature as well. After the issues over the years with the Hospital Conversion Act, the new legislative changes in 2012 allowed expedited processing and review by regulators in the Department of Health and the attorney general's office.”

Lawrence & Memorial made several commitments in its purchase of The Westerly Hospital. It pledged to invest in capital upgrades to the facility and equipment over the next five years, to invest in a turnaround plan aimed at achieving long-term viability, to operate it as an acute care facility for at least five years, to maintain its nonprofit status,

to assure local representation on its governing board and to retain The Westerly Hospital name.

The Merger & Acquisition Advisor cited the following corporate participants for their roles in the hospital's turnaround: Russo's law firm of Ferrucci Russo, Nixon Peabody LLP, Deloitte Corporate Finance LLC, Deloitte Financial Advisory Services LLP, DiGennaro Palumbo LLP, Duff & Phelps, Lawrence & Memorial's corporate parent LMW Healthcare Inc., RR Donnelley, The Westerly Hospital, and Transition Hospital Co., LLC.

The Superior Court Business Calendar handles civil actions on a separate docket, exclusively focusing on commercial litigation. The docket's goal is for faster resolution of cases through either alternative dispute resolution or streamlined court procedures. Confidence in an effective, efficient and predictable process when claims are brought to the Business Calendar serves as an incentive for businesses to move to and stay in Rhode Island. Associate Justice Michael A. Silverstein presides over this calendar in Providence and Bristol counties. Presiding Justice Alice B. Gibney expanded the calendar's reach in 2011 by appointing Associate Justice Stern to handle the calendar in the state's remaining counties – Kent, Newport and Washington.

The 8<sup>th</sup> Annual Merger & Acquisition Advisor Turnaround Awards will be presented March 11.

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