

Grant Thornton and Ogier successfully apply to the Courts for innovative pooling application

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In a case which marked a significant step in developing cross-Bailiwick restructuring law, Ogier has acted for the joint liquidators of Huelin Renouf Shipping Limited and Huelin-Renouf (Guernsey) Limited.

The resulting decision regarding the liquidation of the Huelin-Renouf Group demonstrates the flexibility of the Guernsey insolvency regime in achieving the best outcome for all parties, and in particular creditors, says Ogier partner **Mathew Newman**.

He said: *“This cross-border cooperation develops insolvency law in both jurisdictions for the better. It provides a just, fair, cost-effective and reasonable outcome for creditors of the two companies.”*

Advocate Newman explained that the applications were brought by liquidators, Grant Thornton, who sought approval from the Courts of Guernsey and Jersey to pool the liquidations after attempts to rescue the Huelin Renouf Group, the cross-channel cargo shipper and haulier which served the Channel Islands for nearly 80 years, foundered in 2013. Pooling would mean the Jersey and Guernsey companies would be treated as one for the purpose of distributing a dividend to creditors.

He continued: *“Pooling has been achieved between insolvent companies which are part of the same group on a handful of occasions worldwide, including the well-known BCCI liquidations in England, Luxembourg and the Cayman Islands in the 1990s. It has never been done before in Guernsey, let alone cross-border.*

“The result demonstrates a fair outcome for the creditors of both islands. It highlights the collective approach of our clients and Ogier, and, given the fact the case was run conjointly in both islands, it shows the consistent approach of the islands’ respective Courts.”

Alan Roberts of Grant Thornton, who with Jamie Toynton and Ben Rhodes acted as joint liquidator, added: *“The affairs of the companies were well ordered but the practical effect of the way in*

which customers and suppliers did business with the Huelin Renouf group meant that the Royal Courts recognised that the companies' business was effectively regarded as one enterprise to all intents and purposes by the outside world.

“This group liquidation sets a key precedent for cross Channel Island restructuring where an insolvent business operates in both Bailiwicks but is headquartered in one or other Island. Pooling applications to the Court necessarily have a high test to achieve and this was a clear case to show the fairness of treating both Bailiwicks equally.”

Commenting on the Guernsey aspect of the winding up, **Jamie Toynton** said that as a result of this Court ruling a dividend to creditors in Jersey and Guernsey is due to be paid before the end of the calendar year. The pooling order means that once the liquidators have concluded adjudication of claims, the employees will receive 100% of the priority element of their claims, which would not otherwise have been possible had the Guernsey company been treated separately from the Jersey company.

A reasoned judgment has been handed down in Guernsey; while the order in Jersey has been made a reasoned judgment is awaited.

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