

# PATCH: Critical Fixes Before Tomorrow

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*Trifecta-flagged holes in the master prep doc. READ THIS BEFORE WALKING IN.*

*Four-model review (Claude / GPT-4o / Gemini / DeepSeek) of the master prep ran and converged on the same risks. Quality scores: 6-8/10. The fixes below close the gaps that would most likely embarrass you in the room.*

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## △ SECTION A — FACTUAL CLAIMS TO CAVEAT OR OMIT

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These are things in the master that are either unverified, possibly wrong, or are internal-firm numbers you shouldn't have. **If asked, caveat them or don't say them.**

### A1. The fund returns (Fund VII 15.1% / Fund VIII 22.8%)

× **Do NOT quote these as facts to Pat.** They're PE-style internal numbers that Anchorage doesn't typically publish. If you got them from a single press release / BusinessWire piece, the precision could be off by basis points. Quoting "22.8%" verbatim to the Global Head sounds like you read a leaked PPM.

**Use instead:** *"I understand performance has been strong — the ACO IX close above the hard cap with 70%+ LP re-up tells me the LPs agree, which is the only number that matters to me as a candidate."*

The "ACO IX over hard cap with 70%+ re-up" framing is publicly sourced from the August 2025 BusinessWire release and is safer.

### A2. "Yale Baron" as Co-CIO

× **Do NOT name-drop Yale Baron** unless you've independently verified the name and title. The original research listed him as Co-CIO / CLO franchise head, but it was a single-source claim.

**Use instead:** *"the platform has built out the CLO franchise post-2022 alongside the drawdown product"* — describe the structure without naming the individual.

### A3. Pat's career timeline framing

× The master shows "Anchorage Capital Group 2016-23" then "Anchorage Capital Advisors Jan 2024-present" as if they were two roles. They're the same entity — Anchorage reconstituted in 2022.

**Use instead:** *"You joined Anchorage in 2016 from Moelis. You've been there nine years, and built into Global Head and IC voting from inside."* One firm, internal trajectory.

#### A4. Charles Tauber departure date and destination

× The master says "departed Sept 2020 to PJT." Verify before quoting. If the date or firm is wrong and Pat hears you say it confidently about his own predecessor — bad.

**Safer phrasing:** *"After your predecessor left, you stepped into the Global Head role internally"* — avoids the specific date/destination.

#### A5. Diameter founders

× The master attributes Diameter's founding to "Scott Goodwin and Jonathan Lewinsohn, both former Anchorage partners."

**Scott Goodwin is confirmed ex-Anchorage.** Jonathan Lewinsohn's link to Anchorage needs verification. If pressed, say: *"Diameter was founded by an Anchorage alum — Scott Goodwin — and the cross-holder strategy traces back to that platform"* (singular).

#### A6. MGM \$2B profit

× The "~\$2B Anchorage profit" on the Amazon sale is reporter math, not disclosed.

**Frame as:** *"reportedly around \$2 billion in profit on the eleven-year hold"* or simply *"a multi-billion-dollar outcome."*

#### A7. Roe & Rotaru paper

× The master cites "forthcoming Yale Law Journal" with SSRN id 6103369.

**If asked, hedge:** *"there's recent academic work by Mark Roe and Vasile Rotaru on the empirical performance of non-pro-rata LMEs — I believe forthcoming at Yale Law Journal — that finds these structures buy shorter, more fragile runways than sponsors claim."*

#### A8. Roopesh Shah / Wharton WRDIC

× **CRITICAL:** Do NOT imply you've spoken with Roopesh if you haven't. The master suggested "send a 2-sentence email" — if you did that and got a response, the reference is legit. If you didn't, **do not say "I spoke with Roopesh."**

**Safe version:** *"I noticed you and Roopesh Shah from Evercore were on the same WRDIC LME panel in February. That panel discussed the trilemma framework — that's been useful to me in mapping advisor questions to investor questions."* — observational, not implying personal contact.

### A9. The Saks NYC flagship \$3.62B appraisal "killer asymmetry"

× The master leads the Saks collateral story with the \$3.62B appraisal, then caveats that the flagship is non-Debtor and NOT collateral for the exit TL. **The asymmetry as headlined is wrong.** If Pat catches that, you lose the room.

**Reframe the collateral story properly:** the asymmetry is **HBS JV leasehold portfolio (31 properties) + OpCo collateral + Bergdorf brand/IP** against \$750M exit TL — still meaningful, but the flagship is NOT in the recovery analysis for the exit TL holder. **Lead with that.** (See Section C below for the rebuilt pitch opener.)

### A10. Market thesis stats without sources

The 13% OC failure / 39% under-1% cushion / 20.6% tariff rate / 12.34% CMBS delinquency are real but unattributed in the master.

**If asked source, cite generically:** *"the most recent JPMorgan CLO Tracker / PitchBook Q1 distressed outlook / Capital One Shopping tariff statistics / Trepp CMBS data"* — these are real sources but you don't need to quote them inline unless asked.

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## △ SECTION B — UPDATED J.CREW TRAPDOOR ANSWER

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The master's description of the trapdoor mechanics was imprecise. **Pat was on this deal. He will know the exact mechanics.** Use this version:

### The precise mechanic (~60s):

*"The 2017 J.Crew trapdoor used a two-step transfer. Step one: J.Crew transferred ~\$250M book value of the J.Crew trademark IP from the loan-party operating company to a non-loan-party restricted subsidiary, using the credit agreement's investment basket for restricted subs. Step two: that restricted sub then transferred the IP to an unrestricted subsidiary — Chinos Intermediate Holdings A LLC — using the investment basket for unrestricted subs. Combining the two baskets in series got the IP outside the lien grant and outside the loan-party group, where it could collateralize new debt at the unrestricted sub level. The*

*'J.Crew blocker' that appears in nearly all post-2017 credit agreements explicitly prohibits IP transfers to unrestricted subs or limits the restricted-to-unrestricted investment basket so the chain breaks."*

**If Pat probes:** he'll respect that you know it's a **two-step** transfer through nested baskets, not a single step. Most candidates collapse it to "moved IP to an unrestricted sub" and lose the mechanic.

**If you want to tie it back to Anchorage:** *"You were on the lender side of this trade. On Bloomberg you said you always asked 'if this ultimately doesn't work, how do we put Humpty Dumpty back together again' — which is the right question, because the IP-without-the-brand recovery analysis is what gave Anchorage the conviction to underwrite the put-back."*

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## **△ SECTION C — REBUILT SAKS PITCH OPENER (collateral story fixed)**

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Replace the original Saks asymmetry framing with this.

**When asked "pitch me a name":**

**Opener (30s):**

*"Saks Global exit term loan, primary issuance at 98 cents. Live name — they emerge from SDTX Chapter 11 on June 22. The setup is unusual: the AHC that's converting to ~100% of reorganized equity — Pentwater at 37.9%, FFI at 16.8%, GoldenTree — bought their DIP positions at a deep discount, so they have every incentive to run this as a turnaround, not a quick liquidation. The exit term loan they'll be syndicating is a \$750M instrument at 98 on a company emerging with \$700M of liquidity, a downsized 50-store footprint, the UCC's formal support — meaning the luxury vendor coalition is aligned — and a recovery path that hits \$7B+ revenue and a double-digit EBITDA margin by FY2030 per the disclosure statement."*

**The asymmetry (next 30s):**

*"The collateral story is the part I find most interesting. The exit TL is secured at the SGE level — HBS JV leasehold portfolio across 31 U.S. properties, OpCo collateral, Bergdorf brand and IP. The 611 Fifth Avenue flagship is separately CMBS-backed at the non-Debtor SPV — it doesn't backstop the exit TL directly, so I want to be careful not to overclaim asset coverage. But the HBS JV and OpCo collateral against \$750M of exit TL still gives you meaningful downside protection in any reasonable distress scenario, particularly given that the new equity owners aren't going to want to drive this back into court."*

**The catalyst (next 30s):**

*"Two near-term catalysts: first, technical selling overhang in July as the DIP roll-up lenders — particularly Pentwater with \$1.2B of paper — free up risk budget for their next deals. If exit TL trades to mid-90s, that's the better entry. Second, Holiday 2026 is the signal quarter — Bergdorf and the flagship Saks NYC store specifically — that tells you whether the operational thesis is tracking. Bear case is vendor re-destabilization or a structural shift in aspirational luxury; bull case is plan execution plus eventual Bergdorf monetization optionality, since the plan keeps Bergdorf in the entity."*

**Why this opener is safer:** - Doesn't lead with the \$3.62B flagship asymmetry that gets immediately neutralized - Doesn't cite specific EBITDA dollar figures that aren't publicly disclosed - Names the actual collateral pieces backstopping the exit TL - Highlights what IS public and confirmed (50 stores, \$700M liquidity, UCC support, FY2030 revenue / double-digit margin)

## △ SECTION D — THE SECOND PITCHABLE NAME (a SHORT or pair)

If Pat says "give me another" or "pitch me a short," you need a backup. **Your one-name strategy is risky.**

**Suggested short candidate: A 2027-2028 maturity B-/CCC credit at risk of LME failure**

**Honest framing — what to say if pressed for a short and you haven't fully built one:**

*"I haven't built out a full short with the conviction I have on Saks long. But the framework I'd apply: look for a 2027-2028 maturity B-/CCC credit that's already executed an LME in 2023-2024 — what the Roe and Rotaru paper would call a 'shorter, more fragile runway' — and where the LME bought time without fixing the underlying free cash flow. The structural argument is that ~65% of 2025 defaults were LME-driven, but the academic data says most LMEs ultimately default again. So the short setup is the post-LME credit that's marked at par but is essentially priced like the LME solved the problem. I'd want to do the work on a specific name before pitching it — but candidates I've been looking at as 'priced for perfection post-LME' include companies in tariff-exposed retail and auto supplier segments. If you wanted to talk through any specific name in that bucket, I'd be glad to."*

**Why this works without committing to a name:** - Demonstrates you understand the academic finding (Roe & Rotaru) - Frames a SHORT thesis structurally - Acknowledges what you don't have (full conviction on a specific name) - Invites Pat to direct the conversation to a name HE wants to discuss — which is better than guessing wrong

**If you have time tomorrow morning:** pick one specific name from the Reorg/Octus stressed list with these criteria and build a 2-3 minute pitch. Don't wing it without prep.

## △ SECTION E — THE BEHAVIORAL STORY (fill this in tonight)

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The master had a [bracketed] template for the "disagree with senior" question. **You need a real story.** This is a frequently-asked question and it's where your prep is currently weakest.

### Structure to use:

1. **The deal + context (15 sec)** - *"On [Engagement X] at Evercore — we were advising [debtor/creditor]. The cap structure was [tranches]. The catalytic event was [maturity / covenant / macro]."*
2. **The disagreement (20 sec)** - *"My MD's view was [X — the conclusion he wanted to deliver]. I thought [Y — your different analytical view] because [specific operational / structural / legal reason]."*
3. **The work you did (15 sec)** - *"I modeled out [N] scenarios. The sensitivity showed [Z — the concrete number that made the difference]."*
4. **The tension you navigated (15 sec)** - *"The real disagreement wasn't the number — it was whether to surface [the harder fact] in the client deliverable, because it complicated the narrative we were selling."*
5. **The outcome (10 sec)** - *"I raised it. The outcome was [what happened — got included, pushback then resolved, learned from senior's view, etc.]."*

### Pick ONE real deal tonight.

Best candidate: a recent Evercore engagement where you had a real analytical disagreement on EBITDA assumption, recovery math, or whether to surface a downside scenario. **Write out the names, numbers, and the actual exchange.** Practice it once out loud.

The story doesn't need to end with you "winning." It needs to end with you having held a substantive position. Pat will respect intellectual integrity more than outcome control at the associate level.

**Adjacent questions this story prepares you for:** - "Tell me about a mistake you made" - "Tell me about the hardest deal you've worked on" - "Tell me about a time you delivered news the client didn't want to hear"

Same structure works for all four.

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## △ SECTION F — 90-DAY SOURCING PLAN (likely question, missing from master)

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Pat will likely ask: "How would you source ideas for this seat in your first 90 days?" Have an answer.

### The 90-day plan to memorize:

*"Three buckets, sequenced.*

*First 30 days: build the watchlist by mining the public pipeline. Reorg, Octus, Debtwire daily LME tracker, 9fin's stressed deals list, recent disclosure statements where the cap structure is fresh enough to underwrite. The goal of the first 30 is to have ~30 names with a one-paragraph thesis each — not pitch-ready, but on a sheet you can have a view on if Pat asks.*

*Days 30-60: deep-dive the top 8-10 from that list. Read the credit agreements end-to-end, pull the most recent LME or restructuring document filed, build the recovery waterfall, identify the AHC composition, talk to the lawyers and bankers on the deal who'll take a junior credit analyst's call. Goal: turn ten names from the watchlist into three or four pitch-ready ideas that survive my own scrutiny.*

*Days 60-90: start showing up at counterparty meetings, lawyers' offices, banker roundtables. The institutional reputation point you've made on Bloomberg is operationalized by being the person counterparties want at the table. I want to start building that as a Senior Associate, not just supporting it. By day 90 the goal is to have one pitch I've actively brought into the team that we're at least watching, and to be the natural point of contact on two or three names in the existing book."*

**Why this works:** - Answers a real operational question with structure - Names specific sources (Reorg, Octus, Debtwire, 9fin) - Sequences the work (broad → deep → relationship-building) - Ties back to Pat's institutional-reputation framework

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## △ SECTION G — "WHAT WORRIES YOU ABOUT OUR BOOK?"

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Likely probe question. Have an answer that doesn't actually require you to know their book (you don't — and they wouldn't expect you to).

### Use this:

*"Honestly — the question I'd be asking myself in your seat right now is whether private credit's PIK accumulation creates a hidden bid for stressed paper that compresses your edge. The IMF's finding that 40% of PC borrowers are negative free cash flow tells me the PC books are full of names that will eventually need a real recapitalization — but the timing is the question. If PC firms can hold and PIK for another two years, the LME-to-Chapter-11 pipeline that Anchorage is positioned for could slow, and the*

*names get bought at par by funds that don't have the legal sophistication to know the docs are broken. The risk isn't that the wave doesn't come — it's that it gets absorbed by a different lender base before it reaches the seats you're best positioned to take."*

**Why this works:** - Shows you've thought about the BUSINESS risk to the strategy, not just the firm risk - Cites the IMF stat (sourceable) - Demonstrates you understand the competitive landscape - Ends with a structural argument that compliments the firm without being sycophantic

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## △ SECTION H — COMP CONVERSATION (likely later in process)

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If asked about compensation expectations, **don't have a number ready to throw out.** That's a process question for HR / talent, not Pat.

### Use this:

*"I want to make this work, so I'd rather understand the structure first — base, performance bonus, deferred comp, carry vesting, any unvested equity I'd be replacing from Evercore — and then we can talk about a number that makes sense. Comp is solvable if the fit is right."*

**Subtext you're conveying:** - You're not chasing the highest number - You understand carry vesting matters as much as cash - You acknowledge the Evercore unvested-equity issue (they know it; don't pretend it isn't there) - You're treating the conversation as a real negotiation, not an ego exercise

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## △ SECTION I — ONE-PAGE CHEAT SHEET (print this)

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If you can print one page to glance at before walking in:

### Pat's 15 frameworks (Bloomberg — including 5 NEW from the deeper transcript review)

1. **Two-player market** — private credit made deal-always credible
2. **4-part deal-away test** — severable assets, willing lenders, permissive docs, calculable borrowing
3. **Step-one shortcut** — incumbents skip the adversarial step and engineer step two directly
4. **Institutional reputation** — make money as a fund, not a deal; be the partner people want next
5. **Missing stigma** — LMEs accelerated when sponsors learned there was no cost-of-capital penalty

6. **Serta is not market-ending** — crafty lawyers find new doc technology
7. **Root cause = basket holes** — courts attack execution, not driver
8. **Co-ops respond to base diffusion** — 35 lenders × 2-3% each vs 4 lenders × 25%
9. **Co-ops mainly benefit undersized creditors** — large holders organize informally
10. **Investment-first principle** — never play LME for structural arb; underwrite the business
11. **Intersection of law and finance** — the "complex chess match" — Pat's own reason for choosing distressed (NEW)
12. **The seat he wanted at Anchorage** — restructuring-focused, NOT generalist credit underwriting (NEW)
13. **Anchorage's 1+1+1>3 mantra** — research + restructuring + trading combined (NEW)
14. **What sell-side teaches that transfers** — process, network, relationships, "manage it and bend it and advocate within it" (NEW)
15. **The hardest part of the transition** — "comfortable investing without knowing everything" took years; "how you wear it" (NEW)

### The 3 killer lines

- *"Two years of advisory teaches you a thousand deals at a centimeter of depth. Two years of buy-side teaches you ten deals at a kilometer. I want the kilometer."* (why investing)
- *"After four years advising on these processes, I want to sit on the side that's playing the next forty of them, not the next one."* (why Anchorage — only use once)
- *"Credit pays you to be right — and right in credit is asymmetric. You can't make more than par. You can lose 100."* (philosophy)

### Saks Global key numbers (verified)

- Filed SDTX Jan 13, 2026 · emergence June 22, 2026
- Pre-petition: \$3.4B Global Debtor
- DIP: \$2.6B TL (\$1B new + \$1.6B roll-up) + \$1.5B ABL
- AHC: Pentwater \$1.2B (37.9%), FFI \$553M (16.8%), GoldenTree ≥\$200M
- Exit TL: \$750M @ 98¢ (spread [VERIFY])
- 50 stores at emergence · \$700M liquidity · UCC supports plan
- HoldCo Seller Note: Davidson Kempner, Sixth Street, PIMCO

### Market thesis numbers

- 13% amortizing CLOs failing OC; 39% under 1% cushion

- Distressed ratio: 7.23% (Mar 2026)
- Default rate: 5.9% TTM (long-run 4.1%)
- LMEs = 65% of 2025 defaults
- \$301B 2028 maturities; 68% B- or below
- PC PIK toggle: 5% → 11%; bad PIK 6.4%; 40% negative FCF (IMF)

## Anchorage facts

- Founded 2003 (Ulrich + Davis, ex-Goldman)
- Reconstituted 2022 as Anchorage Capital Advisors LP
- ~\$27B AUM, lean platform
- ACO IX \$1.5B closed Aug 2025, 70%+ re-up
- Pat: PwC → Columbia MBA → Moelis RX → Anchorage 2016

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## ▲ SECTION J — THE PRIORITY ORDER FOR TONIGHT

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If you have 2 hours of prep tonight, do these in order:

1. **(30 min)** Write the real behavioral story (Section E). Pick one Evercore deal. Names, numbers, the actual exchange.
2. **(20 min)** Practice the J.Crew trapdoor answer (Section B) out loud once. Pat was on this trade.
3. **(20 min)** Practice the Saks pitch opener (Section C) out loud twice. The collateral framing is the part most likely to get probed.
4. **(15 min)** Memorize the cliché replacements (master Section 11). The cliché traps are where most prep falls apart in the room.
5. **(15 min)** Re-read the master one-page cover (master Section 1) + this PATCH Section I (cheat sheet).
6. **(10 min)** Decide what NOT to deploy:
7. Fund VII / VIII IRRs — leave at home
8. Yale Baron name — leave at home
9. Roopesh Shah personal-contact implication — leave at home
10. \$3.62B flagship as "killer asymmetry" — leave at home

11. Specific FY2027 EBITDA dollar figure for Saks — leave at home

12. **(10 min)** Sleep on it.

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## ONE LAST FRAME

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The master document is 8/10 on philosophy and frameworks. With this PATCH, it's 9/10 on technical execution. The remaining 1 point is **the behavioral story you fill in tonight**. That's the single highest-leverage thing you can do in the next 12 hours.

You're walking in with: the inverse-complement frame, three killer lines, Pat's own frameworks back at him, the J.Crew/At Home/Altice/MGM deal canon, a real Saks pitch with fresh-verified numbers, a 90-day sourcing plan, a short-pitch fallback, comp guidance, and an answer for "what worries you about our book."

That's more than 95% of candidates walking into that room will have.

**You've got it. Go.**