

Case In Point



INDUSTRY

- Franchised Restaurants

SERVICES

- Bankruptcy, Financing



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CHALLENGES

- A franchisee with 19 restaurants throughout south Florida was over-leveraged and filed bankruptcy without a financial advisor.
- Financial creditors and the franchisor had lost confidence in the owner and management team.
- A weakening economy and increased competition were causing continued sales decline.
- Management team was located in multiple offices with no clear and consistent communication protocols.
- All decisions had to be approved by the owner.
- Ownership withheld income and performance results from local store managers.
- Significant inter-company accounts did not balance and there was no likelihood of repayment.

SOLUTIONS

- Aurora led and managed all communication with the unsecured Creditor's Committee financial advisor to regain the committee's confidence.
- Aurora worked closely with the investment banker to pursue a dual track; sale and reorganization plan to develop historic and projected financials for potential purchasers.
- Implemented both a daily and weekly cash management system to ensure all obligations were paid on time.
- Provided the management team and accounting personnel regular updates on the constantly changing financial situation at the debtor.
- Ensured reliability of the financial and operational data provided to all constituents.
- Developed and maintained a data room which housed thousands of documents relevant to the constituents and facilitated communication with prospective purchasers.
- Negotiated with landlords to reduce rent or obtain concessions in order to keep the bankruptcy process moving forward.
- Negotiated with utilities to ensure no interruption of service.

RESULTS

- Aurora identified and led negotiations with the bidder that ultimately purchased the assets of the bankrupt entity.
- Aurora brought numerous potential purchasers/plan proponents to the bidding table which helped raise the final purchase price to an acceptable level for all constituents.
- Aurora brought credibility to the process that the debtor did not possess, thereby avoiding the appointment of a trustee.



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