

# Case In Point

## CHALLENGES

- Lender abruptly ceased funding and all employees were terminated prior to engagement.
- There were significant NSF checks and uncovered payroll.
- Faced with unsecured debt that was 30x estimated potential recovery.
- Dealing with litigation by contractor on recent fire restoration due to insurance proceeds being misspent on operations.
- Two plant sites were facing environmental issues relating to remediation and clearance.
- Had lost insurance and license to manufacture for resale of habitable structures (HUD regulations)
- Had failed to give WARN notice to over 200 employees before shut-down.

## SOLUTIONS

- Immediately located, assessed and secured all assets at time of shut-down.
- Completed production of all work in-progress and found buyers for completed inventory.
- Developed projection of cash required from lenders to affect wind-down and liquidation and weekly cash flows needed from bank for liquidation funding.
- Led negotiation with lender for continued funding during liquidation.
- Developed compensation and incentive package for seven former managers to help manage company throughout liquidation and leverage as part of re-start to potential buyers.
- Determined which assets could be sold quickly and which to keep and market as part of plant re-start.
- Negotiated continuation of workers comp long enough to produce remaining WIP and sell finished units.

## RESULTS

- Collected 95 % + of existing accounts receivable.
- Recovered over \$3.5M for secured lender.
- Within five months, sold all assets, including the best plant, to a customer who restarted the plant.
- Retained select management personnel who all contracted with new owner who began operating the remaining facility with 150 employees, most of whom were former employees.
- Settled all lawsuits for less than \$100K and avoided any further lawsuits.
- Made a settlement distribution out of assets located on which the secured lender had an imperfect lien.
- Avoided corporate bankruptcy.



## INDUSTRY

- Manufactured Housing

## SERVICES

- Chief Restructuring Officer,  
Liquidation

Accounting for proceeds



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