

Snapshots

Winter 2020



ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

Midwest



Dwindling class enrollment is one of many challenges facing colleges, especially smaller liberal-arts institutions, as educators move into the 21st century.

Northeast



In this out-of-court liquidation, creditor recoveries are expected to be 3-4 times what would have been realized in a traditional bankruptcy, and in months, not years.

Pacific



The healthcare industry touches every industrial activity, from manufacturing and distribution to service. The pressures of cost containment and growing demand will likely trigger widespread financial troubles.

National



M&A Advisor announced the 2019 winners of the annual M&A Advisor Awards at the New York Athletic Club, New York, NY. Mark Samson is pictured accepting the award on the behalf of Getzler Henrich & Associates.

ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

Midwestern Liberal Arts College

A small, not-for-profit liberal arts college in the midwest was facing the perfect storm. Its president had resigned at the end of the school year; it had awarded too much (internal) financial aid to the incoming freshman class, causing a significant budget deficit; and its bank debt was maturing at the end of the year. Before the lender would extend the bank debt, the college was required to engage a financial consultant to vet its current fiscal year budget and make recommendations for moving forward. Getzler Henrich worked with college management and the lenders to extend the maturity of the loan until June 2021. In the course of vetting the current year's budget, the firm also pointed out key issues facing college and made recommendations for possible ways forward. This is just the latest education engagement for the firm, which has built considerable expertise in this sector.

Out-of-court Liquidation for Furniture Importer

Getzler Henrich was retained to advise on the out-of-court liquidation of an east-coast importer and wholesaler of outdoor furniture for the hospitality industry. After having sustained losses for several years and being unable to raise additional capital, a decision was made to liquidate the operation and distribute available funds to the company's creditors. The firm assessed the situation and took actions to preserve and maximize value for stakeholders including implementing controls on cash disbursements, rapidly reducing staff, identifying and engaging an auctioneer to organize market and sell the inventory and other assets, communicating and negotiating with trade creditors and equipment lessors to keep interested parties informed of the status of the liquidation, and providing guidance on the anticipated creditor dividend. Creditor recoveries are estimated to be three to four times what would have been realized in a traditional bankruptcy, and creditors will receive funds in a matter of months, not years.

Women's Apparel Retailer

A high-end women's clothing brand had been in the process of refinancing its debt and separating from its foreign parent company when the VP of finance suddenly resigned. The company had engaged Getzler Henrich to assist in the closing of the refinancing, assess the current finance department and assist in the hiring of the new VP of Finance; it had closed on its new loan in August 2019. As a result of a significant decrease in sales, however, it was in covenant default at the end of November. The sales decrease continued in December and instead of having excess inventory (to transfer into their outlet stores) of \$3-3.5MM at the end of the season, the company had twice that amount. As a result, the company lost \$2.8MM in availability (lower advance rates for outlet inventory vs. mainline inventory), creating an over-advance. The lender agreed to forbear, but insisted that the company retain a consultant. The firm was engaged and immediately began working with management on the preparing and vetting of 13-week cash flow and vetting of the current budget. GH worked with management on creating a monthly cash flow, balance sheet and supporting schedules to accompany the budget. GH is also helping to liquidate some of the inventory, creating availability (cash) for the company to pay its product supplier.

Opioid-Maker Insys Wins Court Approval of Bankruptcy Plan

Insys Therapeutics Inc., one of the first drugmakers driven to bankruptcy as a result of the fallout from the opioid crisis, confirmed its Plan of Liquidation, establishing two trusts, including the Insys Liquidation Trust. Its flagship fentanyl spray Subsys had earlier been sold to Wyoming-based BTcP Pharma LLC; the ensuing royalties combined with the reconciliation of claims, pursuit of avoidance actions and prosecution of causes of action will help Insys provide recovery to its creditors. Getzler Henrich co-chairman William Henrich will serve as the post-Chapter 11 Liquidating Trustee.

PNW Healthcare

Getzler Henrich has been retained to advise PNW Healthcare Holdings, LLC a group of 14 skilled nursing facilities and one assisted living facility in the Pacific Northwest. The company filed Chapter 11 in late November 2019, naming Getzler Henrich as Financial Advisor (U.S. Bk Court for the Western District of Washington – Tacoma). PNW's 15 facilities are in Idaho, Oregon and Washington, and contain approximately 1,500 beds. GH's services have included evaluations the company's financial status, liquidity position and alternatives, preparation of cash flow forecasts and other prospective information and has overseen the preparation of a multi-year operating plan. The firm is assisting across a

wide spectrum of activities in the bankruptcy process, including negotiations to obtain financing and/or approvals for the use of cash collateral, interacting with the official Committee and its advisors, and other case constituents in the chapter 11 process.

Getzler Henrich will assist in plan negotiations and may provide testimony in Bankruptcy Court, working with counsel to assist in various matters consistent with the firm's role in the proceedings.

Notes



In a survey conducted by law firm Haynes & Boone LLP, oil and gas producers expect that banks will cut their revolving lines of credit by as much as 10% in the wake of poorer-than-expected production from shale reserves. More than 90% of corporate debt defaults in the third quarter can be attributed to energy companies, says Moody's Investors Services. In 2019, more than 30 oil-companies filed for bankruptcy protection, greater than 2017 or 2018, bringing the total number of exploration and production bankruptcies to almost 200 since 2015, totaling more than \$100 billion in debt, according to the survey. One of the unique characteristics of Getzler Henrich's practice is the operating experience brought to bear by energy expert and Houston-based [Jay Haber](#). For more information, email [Stephan Pinsly](#).



A link to the ABI webinar, ***Distress in the Automotive Industry***, sponsored by Getzler Henrich and moderated by Chicago managing director [Kevin A. Krakora](#), can be found [here](#). The webinar explores issues facing the automotive industry, a sector which has been relatively stable since the crisis ten years ago, but is facing new disruptions within the supplier base as platforms change and technology evolves. Getzler Henrich has deep experience across the automotive industry and has active engagements in the sector.

About Getzler Henrich & Associates

Getzler Henrich & Associates is one of the oldest and most respected names in middle-market corporate restructuring, assisting companies around the world with an approach that emphasizes rapid, pragmatic, decision making and implementation. Over the course of the past fifty years, the firm has developed a strong track record, assisting both underperforming and healthy companies in the middle market. We have a demonstrated ability to generate realistic solutions to challenges confronting businesses or their creditors, and to helping companies improve their operations. To learn more, please visit our website at <https://getzlerhenrich.com>

Kudos

Co-Chairman [Bill Henrich](#) will be the featured speaker at the opening day Lunch/Fireside Chat at the Turnaround Management Association's Florida Annual Winter Conference, March 4-6, 2020 at The Bohemian Hotel in Celebration, FL.

Boston-based managing director [Margie Kaufman](#) is a featured speaker at the ABI 2020 Caribbean Insolvency Symposium on the topic of higher education restructuring and liquidation, and why colleges traditionally avoid filing for bankruptcy.

[Edward Phillips](#), Philadelphia-based managing director, will chair the Chapter Presidents' Council of the Global Turnaround Management Association in 2020.

New York-based managing director [Mark Samson](#) accepted the 2019 MA Advisor's Award on behalf of the firm, which was selected from over 500 participating companies in recognition of its bankruptcy work with Diesel USA Inc. The Restructuring Deal of the Year honor was bestowed in the category for restructurings that ranged from \$10 million - \$100 million. The firm guided Diesel through the chapter 11 process in and out of bankruptcy in 38 days

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