turnarounds & workouts

News for People Tracking Distressed Businesses

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The Scarlet Letter "Q"

How Meaningful is the "Q" Designation?

by Sarah Hall

On April 18, NASDAQ removed the bankruptcy designation "Q" from Brauns Fashions Corporation (Nasdaq-NNM: BFCI). Should Brauns expect a sudden surge in its stock price because of this news?

According to Perry Peregoy, Vice President at NASDAQ for Issuer Services, a "Q" is placed next to the stock symbol when a company files for bankruptcy to alert the public of the company's new status. It is removed once a company is discharged from bankruptcy. There is some discretion in removing the "Q" from a company that has not been officially discharged. For example, in a case when the criteria for exiting bankruptcy have been met, but the company must remain under the administration of a bankruptcy judge for an extended period, it is up to the investor what he or she does with the information.

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MobileMedia and the FCC

Will MobileMedia Keep Its Licenses?

by Debra J. Brennan

The FCC's Order to Show Cause and Notice of Opportunity for Hearing for Forfeiture, issued on April 8, 1997, was not the course of action that MobileMedia was hoping for or expecting from the FCC. The FCC has sought a hearing to determine whether the debtors may continue to hold operating licenses issued by the FCC. This action could greatly impact the debtor's restructuring and any potential recovery to creditors.

How material are the licenses to MobileMedia and how many pagers are affected if the licenses are forfeited? These are questions that may be answered quickly by those reviewing the right to maintain the licenses. It may be that the individual pagers will not stop operating, but The Chase Manhattan Bank, the DIP lender, may start losing collateral, and that is a whole different and much worse problem.

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Tuna Fish Troubles

Bumble Bee Acquired by International Home Foods

by Debra J. Brennan

On the day that Bumble Bee Seafoods, Inc. filed for Chapter 11 bankruptcy protection, International Home Foods, Inc. entered into an agreement for purchase of Bumble Bee's ongoing canned seafood business. Bumble Bee has received commitments for $83.5 million in DIP financing from Heller Financial, Inc., which has served as the company's primary lender since 1989. International Home Foods intends to assume Bumble Bee's pre-petition obligations and to pay Bumble Bee's suppliers in full after the closing of the sale.

While Bumble Bee is one of the world's largest distributors of canned seafood and the number two tuna producer in the United States, interest costs of the company's debt severely impacted the company's earnings. The transaction has been valued at

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"Q" Symbol, *from page 1*

NASDAQ has no regulations defining who can invest in such designated companies, or how they can invest in them

One analyst at Oppenheimer & Co., reported that there are no hard and fast rules about investing in such a company. It all depends on the value of the company and the distribution that stockholders anticipate under the bankruptcy plan. There may be unusual opportunities for profit when the current plan is known to be unworkable, or when potential lawsuits may arise. Such high-risk strategies may not be for everyone.

An enlightening perspective was forwarded by Lawrence Krule of M.J. Whitman, Inc., a company that invests, trades and analyzes companies in bankruptcy. According to Mr. Krule, the "Q"symbol means nothing and does nothing to either raise or lower a company's stock value. It is simply an indexing device, or research tool to sort out companies in bankruptcy. The true value of a company will not be affected by the placement of this symbol, as the fundamentals of the company have not changed so neither has its worth to companies which analyze using value-based criteria. Similarly, the removal of the "Q" is purely symbolic. According to Mr. Krule, there has been no reliable trend analysis that has determined that the placing of the "Q" symbol has ever materially affected the value or price of a stock.

This view was seconded by Leah Hartman of Credit Research and Trading of Greenwich, Connecticut, who stated there was no evidence of the "Q" symbol necessarily hurting or helping a company's stock value. She said, "fundamental changes in the company's operating performance or rumors of a potential merger/purchase drive stock price changes. Stock prices may even rise after a "Q" is assigned." She gave Today's Man as an example, noting how its stock price rose while the company was in bankruptcy.

There may be some institutional investors that, due to their charter or business plan, are prohibited from investing in a bankrupt company.

Of note, none of the investors or analysts talked to, all of whom specialized in bankruptcy cases, were familiar with an investing entity that was legally prevented from investing in "Q" companies.

MobileMedia, *from page 1*

Initially, MobileMedia discovered misrepresentations and other violations which occurred during the licensing process for 6 to 7 percent of its 8,000 local transmission one-way paging stations. In January 1997, the FCC terminated several hundred authorizations and dismissed approximately one hundred applications of MobileMedia.

The Wireless Telecommunications Bureau found that between 1993 and 1996 MobileMedia filed at least 289 FCC forms 489 that misrepresented that unconstructed stations were constructed, operating and providing service to subscribers. While these facts were not news to MobileMedia, the FCC alleged that this practice of misrepresentation was a deliberate scheme to prevent valuable paging authorizations from automatically terminating.

Mobile Media responded to the FCC's requests by seeking reliance on a "Second Thursday" precedent, a doctrine that would permit a stay of further proceedings, in this case for a period of ten months, pending resolution of the bankruptcy. However this relief was denied by an administrative law judge, and unless an appeal is available or obtained, the company must now proceed with the hearing process.

As a possible solution, the Court could require MobileMedia to forfeit what it is not using, and open up the bidding process once again, so that everyone, including MobileMedia or its successor, could bid anew.

As for the debtor, MobileMedia announced that it has gained access to the remaining $100 million of DIP financing provided by its post petition bank group led by the Chase Manhattan Bank. One of the conditions to receiving the remaining $100 million was that the company deliver a satisfactory business plan to the lender. And the lender has announced that it is satisfied with the business plan developed by MobileMedia.

One good guess is that the pro-active Chase Manhattan Bank is lobbying the FCC hard, telling them just how good is Joseph A. Bondi of Alvarez & Marsal, Inc., the turnaround firm that has taken over the helm at MobileMedia.

And better yet, MobileMedia could hope for a quick sale, a transfer of all its assets to an unblemished buyer who could convince the Court and the FCC to be very flexible and tolerant of the ongoing licensing problems.

Bumble Bee, *from page 1*

approximately $163 million in cash.

In 1989, UNICORD, a Thai tuna cannery, made headlines when it acquired Bumble Bee for $285 million from Grand Metropolitan, Inc. It was billed as the largest Thai investment overseas. Unfortunately, the price was too high. Now Bumble Bee's price tag has tumbled.

In addition to Bumble Bee filing for bankruptcy protection, Chicken of the Sea also filed for Chapter 11 protection in order to facilitate a sale. Both companies have suffered from too much acquisition debt, and have been involved in a price war among the big three U.S. tuna companies, Bumble Bee, Chicken of the Sea and Star-Kist.

According to Charles Axelrod, a partner in the law firm of Stutman, Treister and Glatt in Los Angeles, who is bankruptcy counsel for Bumble Bee, the company has always been profitable on an operating basis, but was suffering from the debt burden imposed under UNICORD's acquisition back in 1989.

For the last year, Bumble Bee has been actively searching for a buyer and Heller Financial has been supporting this search with revolving credit and term loans totaling $120 million. Now that a buyer has been found, Bumble Bee is ready to pay back Heller and to finalize pay-out arrangements with the remaining key creditors, specifically senior subordinated debt of $43 million owed to Bankers Trust and more than $34 million owed to UNICORD Public Company Ltd. for the sale of fish to Bumble Bee. Although neither of these creditors expect to receive 100 cents on the dollar, according to Axelrod, both are close to an agreement for a payout arrangement.

If all goes according to plan, it is expected that the deal will be closed in four months. Roy Winnick of Kekst and Company, the public relations firm for International Home Foods, commented that, "Filing is a way of getting the deal done with maximum certainty and minimum delay. It is a pre-arranged, not pre-packaged filing." The bankruptcy filing under Chapter 11 was also a condition of the sale.

The real catch of the day is for Hicks, Muse, Tate and Furst Inc. a leading private investment firm that acquired International Home Foods in 1996 for approximately $1.3 billion. The company has completed or currently has pending more that 70 transactions with a total capital value of about $19 billion.

Research Report

Who's Who in Marvel Entertainment Group, Inc.

by Nancy L. Wolfe

Marvel Entertainment Group, Inc. and its subsidiaries filed for Chapter 11 bankruptcy protection on December 27, 1996 in the District of Delaware, Wilmington. Three intermediate holding companies consisting of Marvel Holdings, Inc., Marvel (Parent) Holdings, Inc. and Marvel III Holdings, Inc., also filed for Chapter 11 separately. The debtor has a $100 million financing agreement with a bank group led by Chase Manhattan Bank.

Marvel is the largest creator and publisher of comic books in the U.S. and also publishes abroad. It has been in business since 1939, creating such well-known characters as Spider-man, Captain America, the Incredible Hulk and 3,500 others. Marvel is also involved in marketing trading cards and activity stickers, licensing the Marvel characters and manufacturing adhesives and confectionery products. The company owns 26.7 percent equity in Toy Biz, Inc., which markets and designs toys under agreement with Marvel. Marvel Entertainment Group conducts its business through Fleer Corp. and Panini S.p.A. as well as Toy Biz.

After enjoying unprecedented sales in the early 1990s, the company began to experience operating losses by the fall of 1996, causing it to fall into violation of some of its financial covenants.

Marvel filed a pre-packaged plan of reorganization along with the Chapter 11 filing, calling for the Andrews Group, which holds about 81 percent of the current shares of Marvel Entertainment and is owned by Ronald Perelman, to acquire 80.8 percent of the newly issued common shares of the company. The shares were to be paid for through $365 million in cash or Class A common shares of Toy Biz. Toy Biz would then merge with Marvel Entertainment. Under the plan, the bondholders' share of the equity would shrink to 16 percent and public stockholders' share would fall from 20 percent to 4 percent.

The Debtor

Officers of the company include **Scott Sassa**, Chief Executive Officer and Chair, and **David Schreff**, who is President and Chief Operating Officer.

Counsel to the debtor is **Weil, Gotshal & Manges** in New York. Partners **Harvey R. Miller, James Quinn, Marcia L. Goldstein, Edward Sutherland, Jonathan M. Hoff, Paul D. Leake** and **Marc Silberberg** work on the case. They are assisted by associates **George Davis, Alexander Simon, Paul Basta, Joshua Krevitt, Eva Phillips**, and **Martin Matthews-Peterson**.

Young, Conaway, Stargatt & Taylor in Wilmington, Delaware is local counsel. Partners **James L. Patton Jr.** and **Laura Davis Jones** are in charge. Associates **Brendan L. Shannon** and **Edwin J. Harron** also work on the case.

Skadden, Arps, Slate, Meagher & Flom is counsel to the Andrews Group and Ronald Perelman. In the New York office, partners **J. Gregory Milmoe, Franklin M. Gittes** and **Alesia Ranney-Marinelli** handle the case. Partner **Anthony W. Clark** works on the case in the Wilmington office.

Morris, Nichols, Arsht & Tunnell in Wilmington, Delaware is counsel to the Marvel Holding companies. Partner **William H. Sudell, Jr.** is in charge of the case. He is assisted by associates **Robert Dehney** and **Derek Abbott.**

Ernst & Young in New York is accountant to the debtor. Partner **Gerald D. Cohen** is in charge.

Chase Manhattan Bank leads the bank group that provides the debtor with $100 million in financing.

Wachtell, Lipton, Rosen & Katz in New York is counsel to the bank group. Partners **Chaim J. Fortgang, Scott Charles and Amy Wolf** handle the case for the firm. They are assisted by associates **Joseph LaNasa** and **David Bryan.**

Richards, Layton & Finger in Wilmington, Delaware is local counsel to the bank group. **Thomas Ambro** heads the firm's efforts in the case. He is assisted by associate **Mark Collins.**

Simpson Thacher & Bartlett in New York City represents Chase Manhattan Bank. Partner **Mark Thompson** is in charge of the case.

Official Committee of Secured Bondholders

Members of the committee (Of Marvel Holdings, Inc., Marvel (Parent) Holdings, Inc. and Marvel III) are: **High River Limited Partnership** (Icahn Associates Corp., Chairman); **Westgate International, L.P.** (Vice Chairman); **United Equities Commodities Co.**; **Schultz Investments; WHERECO, Inc.** and **Blau Marketing Technology.**

Kasowitz, Benson, Torres & Friedman in New York is counsel to the committee. Partners **David M. Friedman, David S. Rosner** and **Lorie R. Beers** handle the case. They are assisted by associates **Adam L. Shiff, Joseph T. Moldovan** and **Daniel R. Alcott.**

Bayard, Handelman & Murdoch, P.A. in Wilmington, Delaware is co-counsel to the committee. Partner **Neil B. Glassman** is in charge. He is assisted by associate **Jeffrey Schlerf.**

Jefferies & Co. Inc. in Santa Monica, California is financial advisor to the committee. **Daniel Dienst** handles the case.

LaSalle National Bank in Chicago is indentured trustee for the committee. The bank is represented by **Chapman & Cutler** in Chicago. Partners **James Spiotto** and **Ann Acker** are in charge of the case.

Official Committee of Equity Security Holders

The committee consists of the public stockholders of Marvel Entertainment.

Adelman Lavine Gold & Levin in Philadelphia represents the committee. Partners **Gary M. Schildhorn, Steven D. Usdin, Robert Levin and Gary Bressler** handle the case.

Duane, Morris & Heckscher in Wilmington, Delaware is co-counsel to the committee. Partner **Teresa K. D. Currier** and associate **Adam G. Landis** work on the case.

Alex. Brown and Sons in New York is financial advisor to the committee. Managing Director **Barry Ridings** handles the case, working with Senior Associate **Blake O'Dowd.**

The Trustee

Patricia A. Staiano is the U.S. Trustee.

The Judge

The judge is the **Honorable Helen S. Balick.**

Tracking

Marvel

Marvel Entertainment Group Inc. and Toy Biz, Inc., a company in which Marvel owns a 26.7 percent stake, signed a letter of intent proposing a new plan of reorganization for Marvel and its subsidiaries.

Under the plan, Marvel's publishing and licensing businesses and Toy Biz would merge. Members of the Official Committee of Bondholders of Marvel said they would fight the plan with every available legal remedy. They claimed, "The proposal by Marvel's management and its Board is an outrageous sweetheart deal for the banks and Toy Biz insiders at the expense of Marvel's shareholders and bondholders. This proposal is even worse for Marvel's shareholders and bondholders than the original Perelman plan - it provides only warrants to purchase up to 12.5 percent of what's left of this combined company."

Ronald Perelman, Marvel's principal shareholder, presented a rival plan that bondholders found equally distasteful. The bondholders have a claim to the majority of Marvel's stock because the bonds were secured by the Marvel stake of Mr. Perelman.

The bondholders submitted to the Bankruptcy Court a reorganization plan of their own the day after the letter of intent was signed. The bondholders proposed a $365 million rights offering, the proceeds of which would be open to both bondholders and shareholders, and which would be used to pay down trade debt and a $100 million debtor-in-possession credit facility and also for working capital.

The Official Committee of Equity Security Holders of Marvel, representing the public stockholders, has announced a "vigorous objection to the process that led Marvel to execute a letter of intent with Toy Biz Inc." The committee alleges that it has continuously attempted to meet with the debtor to discuss a proposed reorganization plan, but that the debtor has refused.

The exclusivity period for Marvel to submit a plan has expired, opening the door to the variety of newly expressed plans and proposals.

Anacomp

For the three months ended March 31, 1997, Anacomp reported EBITDA of $20.1 million or 17.6 percent of revenues, compared to $19.7 million or 17.5 percent of revenues in the previous quarter, excluding a one-time $3.6 million payment in the first quarter relating to a long-standing purchase agreement. Revenues for the second quarter were $114.5 million, compared to $112.9 million in the first quarter (excluding the one-time payment). Revenues in the prior year second quarter were $125.9 million. Ralph W. Koehrer said that the company completed two refinancings that significantly improved the company's near and long-term liquidity. Combined, they will generate significant cash interest savings of approximately $6 million per year.

Grossman's

Grossman's Inc. obtained final approval by the U.S. Bankruptcy Court for DIP financing in the amount of up to $50 million from GDI Company, Inc. JELD-WEN, Inc. is an affiliate of GDI and a major supplier to Grossman's. Three JELD-WEN executives are three of the seven members of the Grossman's Board of Directors and the chairman of JELD-WEN is a significant shareholder of Grossman's. GDI purchased Congress Financial Corporation's pre-petition loan position and acquired its pre-petition interest in real estate and other assets of Grossman's. This GDI DIP facility is in addition to the approximately $6 million of real estate secured pre-bankruptcy loans from GDI.

Grossman's has filed a motion in Bankruptcy Court asking the Court to establish procedure requiring prior written notice to the company by any party seeking to acquire more than 1.35 million shares of stock or acquiring prepetition unsecured claims in more than a $5 million block.

Grossman's Inc. operates 15 stores under the name Contractors' Warehouse in California, Indiana, Kentucky and Ohio, and 28 stores under the name Mr. 2nd's Bargain Outlet in Massachusetts, New York and Rhode Island.

Caldor

The Caldor Corporation announced its financial results for the 13 and 52 week periods ended February 1, 1997. While Warren Feldberg, Chairman and Chief Executive Officer of Caldor is optimistically talking about a year of tremendous change and a return to long-term profitability, the numbers look so bad

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Calendar

Fourth Annual Central States Bankruptcy Workshop
June 5-8, 1997
Grand Traverse Resort
Traverse City, Michigan
Contact: ABI (703)739-0800

TMA Legislative Conference
June 8-10, 1997
J.W. Marriott Hotel
Washington, D.C.
Contact: Joseph Karel (312) 857-7734
Fax: (312) 857-7739

The Worldwide Reorganization and Restructuring Conference
June 10-11, 1997
Fordham Law School, New York
Contact: ABI (703) 739-0800

Western Mountains Bankruptcy Law Institute
June 26-29, 1997
Jackson Lake Lodge, Jackson Hole, WY
Contact: (770) 535-7722

Bankruptcy and Business Reorganization - Basic and Advanced
August 26-28, 1997
New York University School of Law
40 Washington Square South
New York, N.Y. 10012
Contact: Bobbie Glover
(212) 998-6415
Fax: (212) 995-4037

Turnaround Management Association
October 24-28, 1997
The Breakers Hotel
Palm Beach, Florida
Contact: Joseph Karel (312) 857-7734
Fax: (312) 857-7739

ABI Winter Leadership Conference
December 4-6, 1997
LaCosta Resort & Spa
Carlsbad, California
Contact: ABI (703) 739-0800

A listing of calendar events may also be found at the InterNet Bankruptcy Library http://bankrupt.com/conf.html

Special Report

Profile: Gander Mountain, Inc.

by Nancy L. Wolfe

Bankruptcy Filing Information

Case No. 96-26478, U.S. Bankruptcy Court
Eastern District of Wisconsin, Milwaukee
Judge: The Honorable Russell A. Eisenberg

Counsel to the Debtor:
Howard Schoenfeld,
Godfrey & Kahn, S.C.
Milwaukee, WI

Date filed: August 9, 1996
Date emerged: February 3, 1997
Time in Chapter 11: Four months

Counsel to the Creditors' Committee:
Bruce Dopke, Holleb & Coff
Chicago, IL
Randall D.Crocker, von Briesen,
Purtell & Roper, S.C.
Milwaukee, WI

Background

Gander Mountain was incorporated in 1984 as a merchandiser of hunting, fishing, camping and hiking equipment sold through mail order catalogs and retail stores. The Wilmot, Wisconsin-based company had two subsidiaries, GMO, Inc. and GRS., Inc. that together operated up to 17 retail stores in the midwest. Gander Mountain offers customers a choice of name-brand products at competitive prices, as well as private label products not widely available elsewhere. The company competes with a range of retail and mail order businesses as well as with Wal-Mart, Kmart and other discounters.

Bankruptcy

Between 1992 and 1994, the company entered into various credit agreements amounting to $100 million, which was secured by the personal property of the debtors. Sales amounted to $174 million in 1993 and $246 million in 1994, with a projection of $320 million for 1995. By 1995, however, Gander Mountain was under-performing, heavily leveraged and suffering from working capital problems. Soon, the company was in violation of several financial convenants which were ultimately corrected, resulting in more restrictive credit facilities.

Also in 1995, Gander Mountain's senior management concluded that additional capital was needed and Smith Barney was hired to aid in acquiring it. Under pressure from lenders and facing a deteriorating financial situation, management began to search for a buyer or investor for all or part of the company. After a preliminary deal collapsed, Gander Mountain reached agreement with Cabela's, Inc. to purchase the Gander Mountain's catalog assets for $35 million.

In April 1996, approximately $3 million worth of company checks to vendors were dishonored and an unofficial creditors' committee was formed. Soon afterwards, Gander Mountain redoubled its efforts to raise capital and emerged with an agreement to sell five stores to Holiday Station stores, a privately-held Bloomington, Minnesota retailer of sporting and other goods, for $16.2 million in cash. In the meantime, the company received short extensions of its bank agreement and had its borrowing availability restricted. Four months after the store sales, the company sold its headquarters and distribution center for $6.6 million, leaving it with the problem of where to locate when the deal was finalized. Proceeds from the sale were to be used to pay down debt, and this opened the possibility of refinancing while still having working capital available. Company management finally decided that a Chapter 11 filing and a new loan was the only way to succeed, and they arranged a prenegotiated plan of reorganization with the creditors. The CIT Group/Business Credit, Inc. offered debtor-in-possession financing of $25 million. Gander Mountain and its subsidiaries filed for Chapter 11 protection on August 9, 1996.

The Plan

The plan is based on the sale of all the assets of the company to Holiday for $19.5 million, the merger of GMO and GRS into Gander Mountain, and the formation of a trust to disburse funds to claim holders. The purchase was to be made in cash, with Holiday assuming all secured debt, administrative expenses of the bankruptcy, priority claims, and "reasonable" post-petition liabilities. The $19.5 million would be allocated as $18.5 million to unsecured creditors, $0.5 million to preferred stockholders and $0.5 million to common stockholders. The acquisition included store inventory, fixtures and leasehold improvements of Gander Mountain's 12 remaining stores. Holiday would keep the Gander Mountain name and hire as many company employees as possible. The plan was approved by the Court in December 1996 and became effective on February 3, 1997. For the quarter ended September 30, 1996, the company was able to report a net income of $1.2 million, or 31 cents per share, compared to the $1.4 million loss it had suffered a year earlier. The new, smaller Gander Mountain also reported sales of $22.9 million for the first quarter of fiscal 1997, compared to $96.3 million the previous year prior to the asset sales.

Worth Reading

When Worlds Collide: Bankruptcy and Its Impact on Domestic Relations and Family Law

Authors: Richardo I. Kilpatrick and Hon. William Houston Brown

Contact for purchase: ABI (703) 739-0800 or by E-mail at abi@pipeline.com

Price: $15 for ABI members; $25 for non-members

by Debra Brennan

The interrelationship between federal bankruptcy law and state substantive and procedural law present issues vital to the state court process, especially in areas such as domestic relations. As stated in the foreword to this book, " Divorce and bankruptcy are alike in that each attempts to provide a "fresh start." However, the objectives of divorce are not necessarily consistent with the goals of a bankruptcy. Recent changes to the Bankruptcy Code make it harder to discharge certain obligations that arise in a divorce, and this book helps to illustrate the differences between the objectives of bankruptcy law and family law."

This soft-cover book was created to accompany a three to four-hour seminar program developed by the American Bankruptcy Institute to help facilitate an understanding of the many areas where bankruptcy has an impact on state trial practices.

Oriented to the practical, rather than the academic, this book covers such issues as the impact of the automatic stay; the power of the courts to enjoin state courts; property of the bankruptcy estate; the impact of the bankruptcy discharge on alimony, child support, maintenance and property settlements; post-petition divorce actions; and exempt property. Also included is the full text of relevant statutes and an updated directory of U.S. bankruptcy judges and clerks. The book is easy to understand. It is written simply and provides very clear and concise explanations for the bankruptcy and family law considerations, and the intersection of the two fields of law.

The book is very brief, since without the glossary of bankruptcy terms, the statutes and rules and the directory of judges and clerks, there are only 33 pages of text. However, this book may be used independently from the seminar program offered by ABI. It is written for those who are unfamiliar with the bankruptcy laws that impact domestic relations and family law. The book is also written to provide state judges, who are responsible for the domestic relations and family law jurisdiction of the various states, with a brief, readable primer on the bankruptcy law that impacts their subject matter jurisdiction. The book does not rely upon case citations; rather, it is intended to address the Bankruptcy Code and Bankruptcy Rule provisions. An appendix to this book provides a listing of cases decided by the various Circuit Courts of Appeal in certain areas of bankruptcy law and domestic relations/family law. There is also a listing of recent publications that discuss the relationship between bankruptcy and domestic relations/ family law.

The American Bankruptcy Institute is a non-partisan organization dedicated to research and education on matters related to insolvency. The ABI membership includes more than 5,400 attorneys, bankers, judges, professors, turnaround specialists, accountants and other bankruptcy professionals providing a forum for the exchange of ideas and information. To schedule the seminar program for a state's trial judges, judicial educators should contact ABI. For more information on ABI, ABI World is located at http://www.abiworld. org.

Tracking, *from page 4*

that it is difficult to see why he is encouraged. Comparable store sales for the fourth quarter declined by 7.8 percent on a comparable 13 week basis. And comparable store sales for fiscal 1996 declined by 5.3 percent on a comparable 52 week basis from 1995. The company blamed the sales decline on changes in the company's marketing strategy, a strategy that will improve long-term, but not short term results. The company also blamed the low sales on five fewer Christmas shopping days and unseasonably warm weather.

Bradlee's

Bradlee's, Inc. said that new stock is likely to be issued by the company and current common stock canceled under any future Chapter 11 plan of reorganization. The company believes that it is highly unlikely that current equity holders will receive any distribution under such a plan of reorganization. Due to the company's inability to meet current listing criteria, the NYSE will suspend trading in the company's common stock.

WRT Energy

WRT Energy Corporation's plan of reorganization has been approved by the Bankruptcy Court for the Western District of Louisiana, Lafayette-Opelousas Division. It is anticipated that DLB Oil & Gas, Inc. and Wexford Management LLC will collectively own between 55 percent and 68 percent of the common stock of reorganized WRT. Assets of the reorganized WRT will be increased through a stock rights offering of 3.8 million shares of common stock to WRT's unsecured creditors. This offering will raise approximately $13.3 million. In addition DLB will contribute the acquisition of certain oil and gas interests in exchange for 5 million shares of common stock of the reorganized WRT.

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Special Report

Resources of the InterNet Bankruptcy Library

A valuable starting point for Internet bankruptcy research is the InterNet Bankruptcy Library, at http://bankrupt.com/, which contains up-to-date information on distressed and troubled companies, bankruptcy law, and people and events in the bankruptcy world. Currently, the InterNet Bankruptcy Library provides nine information sections and more than 300 indexed links to enable the reader to easily locate bankruptcy, financial, international, legal and government news and information. Selected features of the InterNet Bankruptcy Library are described below.

Subject Areas/URL	Selected Content Features
Bankruptcy & Insolvency Resource Materials http://bankrupt.com/about.html	Sources of U.S. and international insolvency information available on the Internet, including links to the SEC's Edgar database, the U.S. Bankruptcy Code, and recent U.S. Supreme Court bankruptcy-related decisions.
Conferences & Meetings http://bankrupt.com/conf.html	Announcements of bankruptcy-related conferences, meetings, seminars and other events. Information includes conference schedules, agendas, session materials and registration details.
Directory of Bankruptcy Clerks http://bankrupt.com/clerks.html	A listing of U.S. Bankruptcy Court Clerks by district, with addresses, telephone, VCIS and Pacer access numbers, copy service contacts, and links to circuit court opinions.
Directory of Bankruptcy & Insolvency Professionals http://bankrupt.com/dir.html	A worldwide directory of bankruptcy and insolvency professionals indexed by geographical areas and professional fields, including law, accounting, crisis management, and auction firms.
Discussion Groups & Mailing Lists http://bankrupt.com/discussion.html	Descriptions of bankruptcy and insolvency-related Internet email discussion groups and listservs, with on-line subscription access. Lists include Roundtable, Troubled Company Investments, Turnarounds & Workouts Newswire, Bankruptcy Law, UCCLaw, CLLA, AIA, Tax.Org. & Creditworthy-L.
Distressed Securities Data http://bankrupt.com/newgen.html	Features include listings of bankruptcy stocks and bonds, post-reorganization securities and public companies in Chapter 11, provided by New Generation Research, Inc., and reports entitled Special Situations: Retail, provided by Rodman & Renshaw, Inc.
Hot News in the Bankruptcy World http://bankrupt.com/newsmenu.html	Sections containing daily headline news covering troubled companies, listings of corporate reorganizations by company name, and Chapter 11 bankruptcy petitions.
Internet Information Resources http://bankrupt.com/misc.html	Links indexed by subject area, including Accounting, Finance & Economics, Associations, Bankruptcy, Business & Commerce, General Reference, Government (Courts & Legislative), Internetica, Investment, Legal, and News & Publishing.
Publications: Periodicals & Supplements http://bankrupt.com/pub.htm	Details about bankruptcy-related publications, including Bankruptcy Creditors' Service newsletters tracking high-profile Chapter 11 cases, Turnarounds & Workouts, the Plant Prospector and the Troubled Company Prospector.

The InterNet Bankruptcy Library is hosted by Bankruptcy Creditors' Service and Beard Group. Coverage suggestions and information submissions are welcome. Full screen advertisements are accepted for display at the InterNet Bankruptcy Library. Please contact Susan Heylman, email susan@bankrupt.com.

Gnome de Plume

Get a Life

by Christopher Beard

The morning of April 24th seemed to mark the beginning of the end of a nightmare for FoxMeyer's creditors. At a 341 meeting, the creditors unanimously elected Bart A. Brown, Jr., as permanent trustee. They finally succeeded in maneuvering control of the estate to a person they believe has the skills and experience to manage the liquidation and maximize the recovery.

Not so fast. The United States Trustee opposes Bart Brown because he doesn't have a "bona fide" office in Philadelphia. That's right. I didn't make that up. The US Trustee is worried about his office setup. And FoxMeyer is a major bankruptcy case involving big money, major investors and Fortune 500 companies.

A year ago, FoxMeyer was the fourth largest US drug wholesaler with $5 billion in sales. Last June the company pledged all of its assets for a $475 million line of credit from GECC. On closing, FoxMeyer paid off some loans to unidentified creditors, forgave debt to related parties and upstreamed considerable assets to its parent. And that's not all. At the same time, there were computer glitches that resulted in million of dollars of missing inventory. In August, FoxMeyer filed Chapter 11. In March, FoxMeyer was converted from Chapter 11 to Chapter 7. Today, it's a wipeout. The estate consists of roughly $10 million in assets and litigation claims.

The creditors are in a bad mood. They took huge hits. Those voting at the 341 meeting have $374 million in claims. A lot of familiar names were left holding the bag. The group includes such major distressed investors as Oaktree and Farallon and such well-known pharmaceutical manufacturers as Bayer, Bristol-Meyers, Glaxo Wellcome, SmithKline, and Warner Lambert. This group, representing 71 percent of the total, voted unanimously for Bart Brown.

The trustee election was not an exercise to save face. The creditors are serious people embarking on a major effort. It's expensive. They hired Milbank Tweed. It will likely cost more. They certainly know they face prolonged litigation with tough opponents to recover on any litigation claims.

The Office of the United States Trustee in Philadelphia is run by Pat Staiano and Fred Baker. Jack McLaughlin represents them in court. The US Trustee's Office has done its best to limit the participation of distressed investors in the bankruptcy process. It won't appoint them to creditors' committees except under intense pressure. The US Trustee takes this tack even though distressed investors would usually contribute an exceptional amount of experience to the committee and would skillfully and aggressively represent creditors' interests.

The US Trustee's immediate concern is the statute that requires a trustee to have a local office. Bart Brown is a well-known figure who was involved in Color Tile, Circle K and Spreckels Industries. When he was selected by the creditors for this assignment, he rented an office in Philadelphia to carry out his charge. Makes sense to me.

I have no idea what the US Trustee's office is thinking. Maybe the staff is trying to win friends in the local bar association by looking out for the townies. Maybe US Trustee staff appointments are based on prior successes in unrelated government programs, and the people don't have the beat yet.

Or maybe the US Trustee really thinks the office arrangement of the trustee is an important issue in this case. Now that's scary.

Christopher Beard is the publisher of Turnarounds & Workouts

Future Issues:

- *Who's Who in Fifty-Off*
- *Regional and Local Accounting Firms*
- *Trade Claim Purchasers*

Recent Filings

General Automotive Corporation filed for Chapter 11 bankruptcy protection on April 3, 1997 in the Eastern District of Michigan. The company manufactures truck and bus bodies and vehicle parts. Attorney to the debtor is **Bruce N. Elliott** of **Conlin, McKinney & Philbrick,** Ann Arbor, Michigan.

Kleer Vu Plastics Corporation filed for Chapter 11 bankruptcy protection on March 10, 1997 in the Central District of California. The company produces and markets products that store, display and protect documents, pictures, negatives and momentos, including photo albums and microfilm accessories. Accounting services are provided to the debtor by **BDO Seidman**. Attorney to the debtor is **Bennett L. Spiegel** of **Wynne Spiegel Itkin,** Los Angeles, California.

Landmark Forwarding Company, Inc. filed for Chapter 11 bankruptcy protection on April 1, 1997 in the District of Arizona. The company is engaged in freight forwarding and investments in joint ventures. Attorney to the debtor is **Ronald J. Ellett**, Phoenix, Arizona.

New Seabury Co. Limited Partnerships filed for Chapter 11 bankruptcy protection on March 1, 1997 in the Eastern District of Massachusetts. The company is a resort facility on Cape Cod, Massachusetts. Attorney to the debtor is **John J. Monaghan** of **Sherburne, Powers & Needham, P.C.**, Boston, Massachusetts.

ABC International Traders, Inc. filed for Chapter 11 bankruptcy protection on March 19, 1997 in the Central District of California, San Fernando. The company is a wholesaler of electronic games, toys and appliances. Attorney to the debtor is **Gary Klausner** of **Troop, Meisinger, Steuber & Pasich** of Los Angeles, California.

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