turnarounds & workouts

News for People Tracking Distressed Businesses

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Maurice Taylor Goes for Fidelity Tire

Titan Wheel CEO Elected CEO of Condere

by Debra Brennan

Maurice Taylor, the Chief Executive Officer of Titan Wheel International, Inc. will attempt to turn around Fidelity Tire of Natchez, Mississippi, a subsidiary of Condere Corporation. Taylor said, "I have a proven record of turning losing companies into shining stars, but there is no doubt that Fidelity will be a real challenge. As with any company in bankruptcy, past practices must be overcome." Not long ago, Taylor was running for President of the United States, so he is certainly not one to duck a challenge.

Titan Tire, a subsidiary of Titan Wheel International Inc, acquired 19 percent of Condere Corporation, and Maurice Taylor is the new Chairman and Chief Executive Officer of Condere. Taylor receives an annual salary of one dollar. Condere posted sales of $120 million in 1996, but also declared more than $8 million in losses. Condere filed for

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No Big Cases - It's a Bum Business - ?

What Major Law Firms Do When the Tide Turns

by Debra Brennan

What are the major bankruptcy law firms doing now that the big wave of Chapter 11 cases have dwindled? How are they coping with a reduction in business, or is there any change in business? There is so much said about mind boggling fee applications, and those fees of three or four years ago were incredible. Not much is said when the very definition of a big case is half of what it used to be. It is interesting to note that almost every attorney with whom I spoke prefaced his remarks by saying, "Well, our firm is lucky. . ." The big firms are not hurting, yet. Or are not admitting it, yet.

Peter Ivanick of LeBoeuf, Lamb, Greene & MacRae in New York said that while there is clearly a reduction in the larger Chapter 11 cases, his firm is busy currently representing Barney's. Ivanick said that many of the large firms cultivate their

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Creditors Stick with 50-OFF

Lawsuits Provide Reassurance

by Sarah Hall

50-OFF Stores is finally getting some breaks. On May 20, 1997, the company announced that it had received required minimum subscriptions to its rights offering to stockholders of record. These subscriptions are just one piece of the company's fight to restructure and reorganize since its bankruptcy filing on October 9, 1996.

The company has also closed 60 of its stores, downsized its staff and sold its headquarters building. It is no longer an off-price retailing chain, but now uses a close-out retailing concept. From carrying a majority of family apparel, the stores will now carry a majority of non-apparel merchandise. To reform its balance sheets, the company will reduce its long-term debt and write-down $28 million in unsecured debt. The unsecured creditors will receive 770,170 shares of the convertible "secured" preferred

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Taylor, *from page 1*

Chapter 11 bankruptcy protection on May 13, 1997.

What will be Taylor's biggest challenge? Probably overcoming the years of neglect, not only of the equipment, but also of the product lines and the communication with employees. According to Mike Samide, the President of Titan Wheel and the Chief Operating Officer of both the wheel and tire segments of Titan, "You can't just take a patient who arrives D.O.A. and look at him for three months. You have to resuscitate him immediately, with whatever it takes, and that's what we're going to do."

Taylor was looking to buy Fidelity about two years ago, and could not strike a deal. About one year ago Titan stopped receiving a supply of Tires from Fidelity. But right now the capacity that Fidelity has to manufacture the larger size agricultural tires is what Titan needs. And if the employees of Fidelity can be swept up by the new leadership, Titan may be able to turn the capacity of Fidelity into an asset.

The demand for large agricultural tires is up, farm income is up, and the markets both domestically and internationally are growing. Titan has been unable to meet the market demand, and it has been looking to build its output. Titan currently has six plants in Europe and ten plants in the United States, and the demand, particularly in international markets, is escalating.

While Fidelity had been primarily involved in the manufacture of tires for tractor-trailers, the emphasis, now that Taylor has taken over, may shift more to agricultural tires, and the needs of Titan. Fidelity's problems were a culmination of a number of things, poor markets and poor asset management were key.

At the present time, production in the Fidelity plant is shut down. The major plant shut down and cleaning, that usually occurs at Fidelity Tire the first week in July has been ordered early, by Maurice Taylor, and it seems that only the salaried employees are still at work. The Vice President was busy in the plant emptying garbage cans. One employee said that the general mood was one of optimism. "We're glad someone bought us, but we're concerned about our jobs. There are six hundred people here who don't want to be out of a job."

And Maurice Taylor will now have the opportunity to create another shining star.

No Big Cases, *from page 1*

relationships with banks when the Chapter 11's dry up. Although many people say there is another big wave of Chapter 11 bankruptcies coming, a significant turn in the economy will be necessary before Ivanick will predict a return to the large cases that were prevalent a few years ago.

Lawrence Handelsman of Stroock & Stroock & Lavan in New York echoed Ivanick's response with respect to the economy. He said, "We are in a cyclical business and this is a period of unprecedented strength. I'm sure that before I retire we will see another period of higher activity such as we experienced in the early 90's, however right now interest rates are relatively low." His firm has focused on industry segments, such as energy providers, utilities, and looking forward perhaps to healthcare restructurings and perennially, retail.

Patrick Murphy of Murphy, Weir & Butler in San Francisco said that a downturn in the economy may not be as important to the bankruptcy business as changes in the economy. He has noticed a recent tightening in bank lending. His firm remains heavily involved in front end work for asset-based lenders, and is also busy with the explosion of cases in Delaware. He admitted that some attorneys have left the firm as they have in other large firms, as a response to the slow-down.

Michael Bloom at Morgan, Lewis & Bockius in Philadelphia said that the firm has had the good fortune to represent the beleaguered music and film industry and remains swamped. However he has seen and heard of a revitalization among middle market company bankruptcies and out of court financial restructurings. He also spoke of the potentially fruitful healthcare consolidations.

Michael Cook of Skadden, Arps, Slate, Meagher & Flom in New York said that the firm is swamped with work. It is handling lots of medium sized bankruptcies and a lot of bankruptcy related litigation. He also said that the firm is looking for attorneys and that it cannot hire people fast enough.

The very big and famous firms have filled in the gaps left by the disappearance of huge Chapter 11's and the fees that they used to drive. These firms are still attracting good clients and cases that pay the bills.

But the thrill is gone. The fun in working the big projects has disappeared, and that is not so easily replaced.

50-OFF, *from page 1*

stock.

Charles Fuhrmann, Chief Executive Officer of 50-OFF, is "absolutely convinced we're making the right changes. We have a commitment letter from General Electric Capital Corporation (GECC) for exit financing, and all the votes needed to leave Chapter 11. Once this happens (expected on June 16th), the company will have the necessary capital to build up inventory levels to successfully implement its new business plan."

Jack M Partain, a partner at Fulbright & Jaworski in San Antonio, Texas and counsel for the creditors' committee noted that the exchange for preferred stock is better than nothing. If the unsecured creditors forced 50-OFF into liquidation today, they would receive nothing. Under the plan, they may receive no cash on hand, but at least they will leave with an equity position in the reorganized company, and a lien on the company's lawsuits against Banque Paribas (Suisse) for roughly $5 million, and Jefferies and Company for damages in excess of $10 million.

These lawsuits make for interesting reading. A few years ago, 50-OFF was qualified to make a stock offering to foreign entities. Jefferies and Co. told the company it could sell stock worth $5 million as Bank Paribas (Suisse) had found three foreign buyers for the stock. Chase acted as the transfer agent. The stock was taken, but never paid for. The company was left $5 million out of pocket. According to 50-OFF, had they had that money for operations and investment, the bankruptcy might never have been filed.

Mr. Partain and the creditors see value in the lawsuits. He argues that the company's original lender was taken out by GECC via a DIP loan. Not only did GECC voluntarily walk into this bankruptcy case, but it's confident enough in the company to lend against inventory at 60 - 64 percent of its value. This position by GECC bolsters the confidence of the unsecured creditors.

So, in exchange for writing off about $28 million of unsecured debt, the creditors are hoping that the company turns itself around. Minimally, they hope to receive something from the lawsuit.

They've nothing to lose. Moreover, 50-OFF (or LOTS$OFF, as it is now called), due to all the corporate and balance-sheet restructuring that's taken place, might be looking rosy as a takeover target.

Research Report

Who's Who in 50-OFF Stores, Inc.

by Nancy L. Wolfe

50-OFF Stores, Inc. and its three significant subsidiaries filed for Chapter 11 bankruptcy protection on October 9, 1996 in the Western District of Texas, San Antonio. The company had recently closed at least 37 of its stores. At the time of filing, the San Antonio-based debtor stated that it had several options in mind, including a financial reorganization around 44 stores, an affiliation with a third party or a merger or sale of either the entire company or its parts.

The company received a $15 million debtor-in-possession revolving credit facility in November. The funds were to be used to refinance pre-petition debt and to provide post-petition working capital for the company as it formulated a reorganization plan.

The debtor is a regional retailer of apparel and household goods operating in 11 southern and southwestern states. It sells its wares to budget-conscious shoppers with lower incomes. Merchandise includes both nationally and locally advertised items ranging from apparel to domestics, housewares, giftware, home furnishings, food products, toys and health and beauty aids. It operated its stores under the names "50-OFF" and "LOTS$OFF."

When the Mexican government devalued the peso in 1994, the company experienced poor operating results due partially to economic problems on the Texas/Mexican border, where several of the company's stores are located. Fiscal 1996 net sales from its border stores were off 36.2 percent ($12.5 million) from the previous year when sales amounted to $34.5 million. Losses continued through the first quarter of fiscal 1997 and 50-OFF began to attempt to restructure some of its debt obligations and to make changes in management and marketing strategies.

The company began a process of changing its retail approach from off-price retailing to a closeout retailing concept as well as changing its merchandise emphasis from family apparel to non-apparel items. Nonetheless, 50-OFF resorted to filing for Chapter 11 protection and company management hoped that its new approach, coupled with the conversion of the stores to the LOTS$OFF name, would allow it to be able to proceed with business.

On February 6, 1997, the company filed its reorganization plan with the Bankruptcy Court. The plan called for restructuring the long-term debt, for unsecured creditors to receive $4 million of convertible secured preferred stock, and for common shareholders to receive rights to purchase common convertible preferred stock units at $100 each. The plan also calls for the forgiveness of more than $28 million of pre-petition obligations of the company.

50-OFF filed an amended plan and an amended disclosure statement on February 25. The new plan was approved by the Court on March 20. The confirmation hearing is expected to be held on June 3, 1997.

In the course of its Chapter 11 process, the debtor liquidated and closed 60 of its 101 stores in Texas, Louisiana, Oklahoma, New Mexico and Tennessee; downsized its staff; and sold its headquarters building. In addition, the company refinanced its principal credit facility, restored credit facilities with vendors as well as changing its focus from an off-price to a close-out concept. The company hopes that these measures will allow it to improve its financial position and alleviate concerns of credit and merchandise suppliers.

The Debtor

Officers of the company include **Charles Fuhrmann**, who is Chairman, President, Chief Executive Officer and Chief Financial Officer. **Joseph Goldstein** is Senior Vice President, Merchandising. **Douglas Sims** is Vice President, Operations, and **James Scogin** is Vice President, Chief Accounting Officer, Controller, Secretary and Treasurer.

Sheinfeld, Maley & Kay, P.C. in Dallas is counsel to the debtor. Partner **Samuel M. Stricklin** heads the firm's efforts in the case. He is assisted by associate **Richard Grant**. The firm also represents the debtor in Dow Corning Corp.

General Electric Capital Corp. (GECC) is providing the debtor with $15 million in debtor-in-possession financing. Counsel for GECC is **Paul, Hastings, Janofsky & Walker LLP** in Atlanta. Partner **Jesse H. Austin, III** heads the firm's efforts in the case. He is assisted by associates **Cindy J. Davis, Kathleen Currey**, and **Melissa Cales**. The firm has also represented Citibank in Bibb Co. and Foothill Capital Corp. in Flexel, Inc.

Deloitte & Touche in Dallas provides financial advice to 50-OFF. Manager **Jeffrey Siedel** is in charge of the case.

Coopers & Lybrand, L.L.P. in Houston advised the debtor at the beginning of the Chapter 11 process. Partner **Loretta Cross** and Manager **Charles Carroll** handled the case for the firm.

Pate, Winters & Stone, Inc. in Dallas has also provided financial and general management services to the company. Principal **Dennis M. Ladd** is in charge of the case.

The Official Committee of Unsecured Creditors

Members of the creditors' committee are: **The Atkins Agency**, (Chair); **Crystal Art Gallery, Loomis Sales Co.; Vandale Industries** and **Willow Hosiery Co., Inc. (d/b/a Proudfoot).**

Counsel to the creditors' committee is the firm of **Fulbright & Jaworski L.L.P.** in San Antonio. Partner **Jack M. Partain** heads the firm's efforts in the case. He is assisted by associate **Michael Parker**. The firm has also represented the guarantor in Tejas Testing, was co-counsel to the creditors' committee in National Bancshares Corp. of Texas, and was counsel to the creditors' committees in Wynn's Stores, Inc. and North American Transit.

Ernst & Young in New York is accountant for the committee. Principal **Samuel Star** handles the case for the firm. Senior Manager **Sheri Toivonen** in the Houston office also works on the case.

The Trustee

In Region 7, San Antonio, **Richard W. Simmons** is the U.S. Trustee.

The Judge

The presiding judge is the **Honorable Leif M. Clark.**

Tracking

MobileMedia

Price Waterhouse LLP and Robert Edwards Associates, a wireless industry consulting firm with executive and managerial skills in the paging cellular and PCS market sectors, announced the formation of a Wireless Communications Alliance to help wireless communications companies such as MobileMedia solve complex business and financial issues and improve their operations, financial position and stakeholder values.

Robert Edwards, Senior Managing Director of Robert Edwards Associates and a member of the Alliance said, "We believe that the wireless industry is a fundamentally healthy sector that is going through a business correction. Many of these troubled companies could have significant upside potential if they can focus on bottom line profitability as well as cash flow management."

Michael Korotkin of Price Waterhouse, who is also a key member of the Alliance said, "The wireless communications industry was the glamour sector of Wall Street, until it lost over $4 billion in market capitalization in the past few months. Many of these companies have unique problems such as the C-Block PCS licensees who cannot access capital to build out their systems. Others, such as paging companies and the more established cellular telephone providers have acquired large numbers of smaller competitors and must find ways of quickly consolidating operations to remain competitive."

Marvel

Toy Biz, Inc. announced that it terminated its letter of intent dated April 28, 1997 with Marvel Entertainment Group, Inc. with respect to Toy Biz's participation in a plan of reorganization of Marvel and certain of its direct and indirect subsidiaries and will withdraw from the plan of reorganization jointly filed by Toy Biz and Marvel. Toy Biz intends to engage in discussions with various parties in interest in Marvel's Chapter 11 case towards reaching a new understanding reflecting the terms upon which Toy Biz can proceed with a Marvel plan of reorganization.

A Federal Judge granted the appeal of the Official Committee of Bondholders permitting them to vote the majority of Marvel Entertainment Group common stock securing the bonds to change the Marvel Board of Directors, effective May 23, 1997. Former Marvel executive Joseph Calamari will head up the transition team committed to turning Marvel's business around. A disclosure statement hearing is set for mid-June.

Jay Jacobs

Jay Jacobs, Inc. reported results for its fourth quarter and fiscal year ended February 1, 1997. For the fourth quarter the company reported an increase in profit of $90,000. Comparable store sales increased 4 percent over the same quarter last year. However, for the twelve month fiscal year ended February 1, 1997, the company's losses grew to $3.3 million from $2.8 million one year ago, and sales decreased from $72.8 million to $61.5 million. Comparable store sales decreased by 4 percent for the year.

Dow Corning

Judge Arthur Spector, who has had a constant tight grip on the management of this case, ruled that Dow Corning should maintain its exclusive right to have its plan of financial reorganization considered in its Chapter 11 case. The Judge denied a motion to have a competing plan considered. Dow Corning's period of exclusivity will continue until 21 days following a final order that will eventually be entered by the court on how claims in Dow Corning's bankruptcy should be resolved.

"This is extremely good news for moving this case forward," said Gary Anderson, President of Dow Corning. Anderson also said that the company intends to use this period to continue serious negotiations toward a fair resolution of this controversy.

Grossman's

Grossman's Inc. announced that the U.S. Bankruptcy Court entered an order granting interim approval of procedures requiring prior written notice to the company by any party or group proposing to (1) acquire shares of the company's stock resulting in a more than 1,350,000 share block, or (2) acquire prepetition unsecured claims against the company or certain of its subsidiaries resulting in a more than $6 million block of such claims. The company believes that this relief is necessary to protect its net operating loss carryforwards (approximately $300 million at December 31, 1996), which it

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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: The Krystal Company

by Anne Ryan Harrison

Bankruptcy Filing Information

Case No. 95-15306
U.S. Bankruptcy Court for
the Eastern District of Tennessee
Hon. John C. Cook, presiding judge
Counsel for Debtor:
David G. Epstein
King & Spalding Atlanta, Georgia

Date of Filing: December 15, 1995
Confirmed: April 10, 1997
Emerged from Chapter 11: April 23,1997
Time in Chapter 11: One year, 4 months
Counsel for Unsecured Creditors' Committee:
Grant T. Stein
Alston & Bird, Atlanta, Georgia

Background: The Krystal Company is an operator and franchisor of quick-service hamburger restaurants. The company was founded in 1932, and is one of the oldest fast-food chains in the United States. On March 31, 1997, Krystal owned and operated 249 restaurants in Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, South Carolina and Tennessee, and the company's franchisees and licensees operated another 90 restaurants in these states and in Louisiana and North Carolina. Beginning in July 1994, Krystal was named a defendant in a series of actions brought by current and former employees who alleged that the company committed several violations of the Fair Labor Standards Act. Between July 1994 and the third quarter of 1995, over 360 plaintiffs filed or joined civil actions seeking back pay and damages. Each of these actions contained essentially the same allegations — namely, that Krystal had withheld overtime pay for hourly and exempt workers by: (1) working employees "off the clock;" (2) altering workers' time records; (3) charging employees for breaks that were not taken; and (4) rolling overtime hours into subsequent calendar weeks so that they would be paid at regular hourly rates.

Bankruptcy and Plan: On December 15, 1995, Krystal filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code, despite the fact that the company was neither insolvent nor facing an immediate prospect of insolvency. In fact, at the time of the bankruptcy filing Krystal had already settled the initial July 1994 litigation and had established an $11.2 million reserve to cover the unresolved claims. In announcing the Chapter 11 filing, Carl D. Long, Krystal's Chairman and Chief Executive Officer, explained that the company was "simply utilizing Chapter 11 to resolve all valid claims related to FLSA matters in a fair, equitable and timely manner so that we can put this matter behind us once and for all." The company's 82 franchisee-owned restaurants were not included in the filing.

The Bankruptcy Court set a June 6, 1996 deadline for current and former Krystal employees to file claims for overtime pay. At the deadline, over 7,500 of a total of 84,000 potential claimants had submitted claims. On November 18, 1996, Krystal filed its Chapter 11 Reorganization Plan and Disclosure Statement. The Plan pledged full payment of all claims allowed by the Court, including all FLSA-related claims (on the date of the filing of the Plan, the Court had already disallowed over 1,500 claims) as well as approximately $7.5 million in trade claims, $3 million of secured indebtedness, $2.6 million of bank debt, and $36 million of indebtedness to insurance companies. The most contentious element of the Plan involved Krystal's proposal to place hourly wage earners and salaried employees into separate classes, and to offer the latter the option of pursuing their claims against the company after it emerged from bankruptcy or settling their claims in an amount equal to the lesser of their stated claim or $100. Counsel to the employees claimed that this approach would make it difficult for the salaried employees to file a class action post-bankruptcy, and thus would effectively preclude them from obtaining relief. The Plan called for payments to hourly employees of between 10 percent and 25 percent of their stated claim, depending on their position and length of employment.

The case took a surprising turn on December 23, 1996, when the bankruptcy judge ruled that he would not resolve the unpaid wage claims. In a Memorandum Order, the Court determined that it would not be appropriate for it to resolve the wage claims post confirmation "if,, as might be the case here, Krystal obtains a confirmed plan based upon a showing that it is solvent and . . . will be able to pay the wage claims as they are determined." As a result, the parties were returned to the status quo prior to the Chapter 11 filing. One month later, on January 27, 1997, the parties announced a comprehensive settlement of the FLSA-related claims that required a total payment by Krystal of about $13 million, which represented a significant reduction from the $30.9 million in aggregate claims submitted to the Bankruptcy Court, but also represented the high end of Krystal's estimated range of potential liability. On April 24, 1997, Krystal reported net income of $403,000 for the three months ended March 31, 1997, before deducting professional fees and other expenses related to the bankruptcy proceedings.The company's net worth as of March 31, 1997 was $44.5 million.

Worth Reading

Single Asset Real Estate Bankruptcies

Current Developments and Legislative Issues

Producers: American Bankruptcy Institute
St. John's University School of Law
Douglas E. Deutsch, Editor-in-Chief

Publisher: American Bar Association

Price: Members of RP Section: $79.95, Non-members: $89.95

Contact For Purchase: ABA Service Center
PO Box 10892
Chicago, Illinois 60611
1-800-285-2221

by Debra Brennan

This book opens with a summary of typical single asset real estate bankruptcy cases. The extent to which the courts will examine the good faith of the debtor is next discussed, through a roundtable discussion by a group of prominent bankruptcy judges from various parts of the country. There is a follow up on the judges' comments and a discussion of the effectiveness of prepetition workout agreements in which the debtor admits that a subsequent filing will have been in bad faith. Next there is an analysis of venue issues in single asset bankruptcies and a consideration of the tax aspects of single asset bankruptcy.

Two major substantive single asset issues follow. The first deals with whether unsecured claims can be imaginatively classified for the purpose of meeting the Section 1129(a)(10) requirement that at least one class of impaired creditors approve the plan. For this discussion, Professor Linda Rusch updated her article supportive of freedom of classification and two student editors contributed a new Note, which reaches an opposite conclusion. The second issue is the so-called "New Value Exception" to the absolute priority rule. The position is taken that the exception lives under the Code and is applicable to single asset cases, while an updated student Note takes the opposite view. Adding a new perspective to the subject, James Lipscomb, Senior Vice President, and Alan J. Rovin, Associate General Counsel at Metropolitan Life Insurance Company, have teamed up to discuss the effect of single asset bankruptcy on institutional investors.

Finally, recent and current legislative initiatives are discussed by Hon. Roger Whelan. Scott Carlisle, Assistant General Counsel at UNUM Life Insurance Company and author of the single asset amendment proposals, looks at the 1994 amendments from a secured creditor's perspective.

This is a comprehensive volume, written by prominent bankruptcy and real estate professionals. Each major "cutting edge" problem is discussed from both the lender's and borrower's perspective. This book explains how and when a workout agreement may lead to dismissal or relief from the stay in a subsequent bankruptcy, how a mortgagee may doom a debtor's plan at the threshold and avoid even consideration of a cram down by the court and how a single asset borrower may try to classify claims to frustrate this result. The book also discusses how a single asset borrower may successfully confirm a plan under which it will keep ownership of the real estate while eliminating most of the debt in excess of the value of the collateral and the arguments the lender may make to prevent such a plan. It also includes what every lawyer needs to know to avoid tax traps in single asset real estate foreclosure workouts and bankruptcies.

This book is an excellent resource for a real estate or bankruptcy professional.

Tracking, *from page 4*

believes will be critical to its ability to reorganize.

Comparable store sales for the three months ended in March 1997 were 29 percent below the 1996 sales for the same period.

Koo Koo Roo

Koo Koo Roo, Inc. announced that it has achieved record revenues of $12.3 million for the quarter ended March 31, 1997. Restaurant sales increased over 58 percent this quarter, compared to the same period one year ago. Ken Berg, the company's chairman and CEO said, "During the quarter we had two of our best openings ever and our first international joint venture in Canada." Today, the company boasts eleven leases signed with five stores under construction and the company claims it is in a position to sign at least ten more leases. The company previously purchased 14 full-service Hamburger Hamlet restaurants.

LG&E Energy

LG&E Energy Corp. and Big Rivers Electric Corporation reached a global settlement agreement on all outstanding issues regarding LG& E Energy's 25-year lease of Big Rivers 1,700 megawatts generating capacity in Western Kentucky. If the creditors approve the plan of reorganization on June 9, the closing of the LG&E transaction will be subject only to regulatory approval by the Kentucky Public Service Commission and the Federal Energy Regulatory Commission. The majority of the creditors and Big Rivers continue to support the LG&E proposal despite the efforts of Pacificorp to submit the winning bid for Big Rivers. At a public auction March 19, LG&E won the right to enter into a business arrangement to lease Big Rivers' generating assets. Big Rivers provides power to four distribution cooperatives serving 91,000 consumers.

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http://bankrupt.com
or subscribe to the T & W Newswire by sending a subscription message to:
listserv@bankrupt.com
Both services are free.

Special Report

Regional and Local Bankruptcy Accounting Firms

Firm Name	Professionals*	Senior Bankruptcy Partners	Recent Representative Clients
Barbee & Associates, P.A. Ft. Lauderdale, FL Tel: (954) 493-5008 Fax: (954) 493-8803	14	John P. Barbee Stuart M. Goffman Kit Becker Alan R. Barbee	Jetlease Finance Corp. Summer Bay Partnership Corporate Comm. Group Global Health & Wellness
Bederson & Company, LLP West Orange, NJ Tel: (973) 736-3333 Fax: (973) 736-8786	15	Edward P. Bond Timothy J. King Albert G. Rozell Matthew Schwartz	Ames Department Stores Dean Floor Covering Coast Automotive Halpert & Company
Conway MacKenzie & Dunleavy Birmingham, MI Tel: (810) 433-3100 Fax: (810) 433-3143	7	Van E. Conway Donald S. MacKenzie Patrick M. O'Keefe Jeffrey L. Johnston	Confederation Life Insurance American Speedy Printing EWI, Inc.
Dery, Peters & Pallas Rochester, MI Tel: (248) 652-0286 Fax: (248) 652-3320	5	John Dery Martin Peters Richard Pallas	Signet Odds n Ends Substitute Therapist, Inc. Lease Equities Funding, Inc.
J.A. Compton & Co. Houston, TX Tel: (713) 659-5080 Fax: (713) 659-8730	6	Jeff Compton Paul Glenn Stephen Franklin Allen Wendler	Winn's Stores, Inc. Tomlinson Interest Sakowitz Inc.
Jay Alix & Associates Southfield MI & New York NY Tel: (212) 490-2500 Fax: (212) 490-1344	17	Ted Stenger Jack McGregor Bettina Whyte Ken Hiltz	Forstmann & Co. FoxMeyer Fretter Woodward & Lothrop
Kahn Consulting, Inc. NY, GA & DC Tel: (212) 247-1010 Fax: (212) 841-9350	15	Stewart J. Kahn Barry M. Monheit Jay I. Borow Laureen M. Ryan	Ames Dept. Stores (Trustee) Smedley Industries (Trustee) Fitness Source (Trustee)
Lain, Faulkner & Co., P.C. Dallas, TX Tel: (214) 720-1929 Fax: (214) 720-1450	8	Dan B. Lain Dennis S. Faulkner D. Keith Enger Ed P. McKee	SpectraVision, Inc. Express One Int'l KLH Computers Winn Stores
M.R. Weiser & Co., LLP New York, NY & Edison, NJ Tel: (212) 641-6700 Fax: (212) 641-6888	15	Bernard A. Katz	C&R Clothiers, Inc. Kuppenheimer Mfg. Co. Golden Lee Book Dist. Lomas Financial Corp.
Neilson Elggren Durkin & Co. Los Angeles, CA Tel: (310) 282-9911 Fax: (310) 282-0781	40	Ronald L. Durkin R. Todd Neilson F. Wayne Elggren David H. Judd	Hiuka America Corporation Magic Ford/ Lincoln Mercury Bonneville Pacific Kenetech Windpower, Inc.
Sugarman & Company San Francisco, CA Tel: (415) 395-7500 Fax: (415) 658-2858	6	Randy Sugarman Judith Bratton Kyle Everett	Craig McFarland Discovery Toys Gangi Brothers FIC International Corp.

**Numbers represent professionals spending a substantial percentage of their time on bankruptcy-related matters.*

Gnome de Plume

What Else Is New?

by Christopher Beard

I don't know Philip S. Corwin, but I now know who he is. He is a lawyer who represents various banking interests on Capitol Hill on bankruptcy matters. A month or so ago, he got on the ABC Evening News to express his shock and dismay that Bill Brandt, a superstar turnaround professional and major Democratic fund-raiser, suggested to him it would be a good idea for the banks to buy some tickets to an event he was hosting and schmooze Bill Clinton and other Democrats. I dismissed the interview as Phil Corwin acting out a death wish for the network on a slow news night. Who's going to hire a lobbyist who thinks he's spending $10,000 a plate for the food.

After I saw the program, I made a couple of phone calls. Business as usual in Washington. Republicans playing gotcha. Yawn. Then Senator Charles E. Grassley, the Iowa Republican who heads the Judiciary Subcommittee on Administrative Oversight and the Courts, wrote a letter to the Justice Department suggesting Brandt may have intentionally misled Congress by originally denying he referred to Brady Williamson, Chairman of the Bankruptcy Review Commission, as an "honored guest" in promoting his fund-raiser. Your tax dollars at work. And Senators get no respect.

The continuing flap over Democratic campaign financing would have been stillborn if Bill Clinton had been straight forward and said something like: "Presidential campaigns today cost hundreds of millions of dollars. You need large contributions to raise that much money. People who voluntarily contribute huge sums want to feel appreciated. We buy them drinks and listen to their opinions. That's the way the current system works." Instead he gets up and says he doesn't remember making calls to help raise campaign funds. Puke. Shades of Richard Nixon.

Bill Brandt is a very talented guy who has accomplished an incredible amount through hard work and intense focus. He decided to host a party for the Democrats and turned it into a happening. He made the party a smashing success through aggressive promotion and a lot of excitement. How else do you make it work? The Republicans should be so lucky.

I don't know Brady C. Williamson very well. But I do know he's a patient and gracious listener who lets everyone with an opinion wear themselves out expressing it. Also, it doesn't cost $10,000 to talk to him. Call him. He'll take your call. Stop him in the hall. He'll talk to you.

Some people think Corwin and the banks have it in for Brady Williamson. I have no idea what Corwin and the banks are up to, if anything. But if the banks have a problem, it's not Brady Williamson. It's themselves. Get a grip. Congress will always be mucking around with the bankruptcy statutes. If the rules don't work and you can't make a profit, don't make the loan. Do something else.

Brandt and Williamson are successful guys trying to contribute to the political process. For their efforts, they suffer gross abuse from Congress and its 25,000 staffers where the family unit is the entourage that requires constant care and feeding. They don't produce a product or provide a service. They critique. There are many, many dragon slayers and very few dragons. The slow-footed and slow-witted on Capitol Hill are reduced to bad-mouthing in the hopes of attracting a crowd.

What else is new?

Christopher Beard is the publisher of Turnarounds & Workouts

Future Issues:

- *Who's Who in Stratosphere*
- *Special Report: Trade Claim Purchasers*
- *Bankruptcy Lawyers' Civil RICO Liability*

Recent Filings

Bre X Mineral Ltd. filed for bankruptcy protection on May 8, 1997 in Alberta, Canada. Bre X Mineral is a holding company with subsidiaries that acquire, explore for and develop mineral properties in Indonesia. Accounting services are provided to the debtor by **BDO Dunwoody.**

Bumble Bee Seafoods, Inc. filed for Chapter 11 bankruptcy protection on May 2, 1997. The company is a packer and processor of seafoods and pet foods. Attorney to the debtor is **Charles Axelrod of Stutman, Treister & Glatt, P.C.**, Los Angeles, California.

Harvard Industries, Inc. filed for Chapter 11 bankruptcy protection on May 8, 1997 in the District of Delaware. The company designs and manufactures components for car and truck manufacturers, produces furniture, and makes armament and electronic products for the aerospace industries. Accounting services are provided by **Price Waterhouse LLP.** Attorney to the debtor is **S. David Peress of Young, Conaway, Stargatt & Taylor**, Wilmington, Delaware.

Omega Environmental Inc. filed for Chapter 11 bankruptcy protection on May 2, 1997 in the Western District of Washington. The company provides products and services relating to storage tanks for liquids such as gasoline, chemicals, pesticides and other compounds. Attorney to the debtor is **Jonathan M. Landers** of Seattle, Washington.

Van Camp Seafood Company filed for Chapter 11 bankruptcy protection on April 15, 1997 in the Southern District of California, San Diego. The company is a processor and canner of seafood products, including Chicken of the Sea brand tuna. Attorney to the debtor is **Scott L. Metzger of Duckor, Spradling & Metzger**, San Diego, California.

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