



IN THE NEWS

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"Early cooperation leads to unexpected surprises for creditors"
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Early cooperation leads to unexpected surprises for creditors

Foster & Gallagher Inc. and its 21 affiliates are officially out of bankruptcy court, according to **Scott P. Peltz** of **American Express Tax and Business Services**, the plan administrator of the **MBC Greenhouse Liquidating Trust**.

Recognizing the need for cooperation in order to achieve maximum creditor recoveries, the secured lenders, debtors, and the Official Committee of Unsecured Creditors negotiated a resolution of a number of complex and contentious issues early on in the case, the attorneys said. These settlements enabled unsecured creditors to achieve a recovery even though they were significantly undersecured.

"The hard work of the professionals enabled the parties to achieve consensual confirmation of a liquidating plan of reorganization," said **Lawrence Adelman**, former president of Foster & Gallagher Inc., and a principal of **AEG Partners LLC**.

"We were under terrific financial pressure to sell the debtors' core businesses and, several weeks before, had set the auction to begin at 9 a.m. on Sept. 11, 2001, at the top of the Aon Center, the third-tallest building in Chicago. The events around the country that day were just catastrophic, but we had buyers assembled from all corners of the country to bid on a business that needed to be sold promptly. I met with our counsel and the lenders and we all agreed that we needed to press ahead with the auction. We moved the auction to the offices of **Chapman and Cutler**, and the auction didn't finish until after 11

p.m. that night. I am convinced that had we continued the auction, we would not have achieved the same level of value."

"Following confirmation, American Express Tax and Business Services efficiently liquidated the debtors' remaining assets with the help of the debtors' law firms and, together, they did an excellent job maximizing recoveries for Foster & Gallagher's creditors," **Alan R. Dix**, Foster & Gallagher Inc.'s former CFO, said.

Through the claims reconciliation process, American Express Tax and Business Services successfully reduced the allowed amount for filed claims against the debtors by approximately 67 percent. Their efforts enabled the debtors' secured lenders to recover almost 70 percent on account of their claims. General unsecured creditors of all of the debtors but one received a distribution of nearly 12 percent. Each of these distributions was substantially greater than originally forecasted.

"This is a fantastic result for creditors under the circumstances," Dix noted.

Chapman and Cutler represented the secured lenders. **Kirkland & Ellis LLP** and **Pachulski Stang, Ziehl, Young, Jones & Weintraub PC** represented the debtors. **Lowenstein Sandler PC** represented the Official Committee of Unsecured Creditors.

Foster & Gallagher Inc. was a direct marketer of consumer products with operations and facilities in six states, Canada, and the Netherlands, and a joint venture in Japan. The company filed Chapter 11 in the **U.S. Bankruptcy Court, District of Delaware**. ■