

Avoiding Bankruptcy: How a Struggling Business Achieved a Managed Exit

The Assignment

A design and engineering firm faced severe financial challenges with an overwhelming creditor stack, including more than ten subordinated creditors. Initially considering a Subchapter V bankruptcy filing, the company's potential buyer was opposed to bankruptcy and instead explored a capital injection and negotiated settlements with creditors. Seeking expert guidance, the company engaged Kreshmore Group to assess its restructuring options.

The Process

Kreshmore Group conducted a thorough financial analysis and provided strategic counsel on the best path forward:

- **Bankruptcy Feasibility Assessment:** Determined that the company's financial situation was too dire for outside investment and advised against injecting personal bankruptcy protected funds into the company.
 - **Pivot to Out-of-Court Liquidation:** As the company prepared for bankruptcy, the owner ultimately decided to forgo filing and instead pursue an orderly liquidation outside of court.
 - **Creditor Negotiations & Lender Forbearance:** Assisted in communications with multiple creditors and successfully worked out forbearance agreements with the senior lender.
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The Results

Through Kreshmore Group's strategic guidance, the company successfully liquidated outside of bankruptcy, ensuring a controlled wind-down of operations. The senior lender achieved a full recovery, while creditor communications were effectively managed, mitigating further financial and legal complications for ownership.

As a boutique restructuring advisory and investment bank, we specialize in guiding middle-market companies through pivotal transitions. For tailored support and expert insights, connect with one of our experienced advisors below.



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