

Experienced Leadership Makes Navigating Chapter 11 Easier, Faster, Better

Sixty days prior to calling us, a \$10MM consulting company had filed for Chapter 11 bankruptcy to protect itself from the secured lender. Unsure how to operate under bankruptcy rules and unfamiliar with the processes and procedures, the company had not filed required monthly operating reports. Still, they wanted to exit bankruptcy quickly. The cash was almost gone but significant new contracts with large deposits were in process. Legal counsel was keeping the secured lender at bay, but employees were concerned about their jobs and the uncertain nature of Chapter 11.

Momentum Advisors took immediate steps to prepare all required financial reports for filing. The Momentum team separated the financial system and updated it for pre- and post-bankruptcy activity. We also created a 90-day cash flow. Significant new business materialized with large deposits that allowed the company to pay off more than \$3 million in secured debt and create a plan to exit bankruptcy quickly. After the unsecured creditors' committee requested that the payback time be decreased from 24 months, a plan was filed and unanimously approved. The plan called for 100% payoff of pre-petition claims with interest within 16 months. Momentum stayed on as the temporary CFO until a full-time CFO was hired. We continued to return over the next three years to support the CFO and special projects.

Results: The company was able to exit Chapter 11 in less than eight months and all creditors were paid in full according to the exit plan. All employees remained during the process and additional employees were hired afterward, with the company increasing from 27 employees to 70 within two years. Working on the sell side due diligence, the Momentum team presented the company's financial past, present and future, and the company connected with a group that invested in improving the balance sheet and allowed the company to focus on additional areas of new business.