

# Bankruptcy, Reorganizations, & Restructuring Consulting

Debtors and creditors faced with a potential crisis of bankruptcy, reorganization, and restructuring require knowledgeable, efficient consultants to lead them through the legal, accounting, financing, and other business challenges. Our experts provide hands-on analysis and investigation of the situation, provide a plan for success, and help make the challenging decisions about what is best for our client.

Regardless of which “side of the coin”, debtor or creditor, bankruptcy can be a troubling, complicated matter. However, when planned and managed expeditiously, bankruptcy can be a tool for future success.

#### Debtors will need to:

- **Take Stock:** Identify problem areas, implement cash management procedures, and halt outgoing payments.
- **Reorganize:** Negotiate out of court, if possible, and consider options for turnaround. In some cases, a reorganization through Chapter 11 of the Bankruptcy Code may provide the best protection and outcome.
- **Engage Counsel / Advisors:** Involve legal, financial advisors and accounting professionals early.

#### Creditors should plan for:

- **Assessment:** Request relief to resume collections (as necessary), request notices on case proceedings, and review the Schedule of Assets and Liabilities (SOALs) to understand potential recovery.
- **Negotiation:** Maximize recovery solutions with the debtor.
- **Litigation:** Appoint counsel, prepare to submit a Proof of Claim (as necessary), and analyze and understand the debtor’s Plan of Reorganization.

Our financial advisors, accountants and restructuring consultants are engaged to assist with reorganization, case administration, preference recovery, litigation support, liquidation, investigation, negotiation, and expert witness testimony to a wide range of clients and industries.

Our team of financial advisors, accountants and restructuring professionals assist distressed companies, secured and unsecured creditors, trustees, and other stakeholders with:

- Advising Creditors / Creditor Committees
- Bankruptcy Taxation
- Corporate Reorganization
- Debt Restructuring and Loan Workout
- Expert Testimony
- Preferential Transfers
- Fraudulent Conveyances
- Insolvency Analysis
- Liquidation

#### VALUATION SERVICES

Our specialists are engaged to provide independent Fairness Opinions and Solvency Opinions as well as valuations for the sale of assets, forgiveness of debt (tax reporting), collateral lending, and insurance placement, and preparation of the new opening day balance sheet for compliance with Fresh Start Accounting (ASC 852).

### Fairness Opinions and Solvency Opinions

Down round financings, debt for equity swaps, and sale of divisions or assets leave shareholders and debt holders wondering if they are being unfairly diluted or replaced at something other than fair market value.

- A Fairness Opinion from an independent party provides a greater defense against claims from concerned shareholder or others that a Fairness Opinion from the party whose fees were contingent upon the financing of the restructuring.
- Debt holders and shareholders will want to be assured that the recapitalized entity can service its financial obligations. A Solvency Opinion from an independent party provides greater assurance to the debt holder and shareholders than an opinion of solvency from the party whose fees were contingent upon the financing of the restructuring.

**Forgiveness of Debt Studies (IRC Section 108):** an opinion of value of the business enterprise and the extent of its solvency relative to the subsequent debt outstanding to determine what portion of the debt forgiven (if any) is taxable.

**Net Operating Loss Carryforward and Built-In Gain Studies (IRC Section 382):** an opinion of the market value of the business enterprise to determine net operating loss carry forward limitations and the impact of built-in gains (or losses).

**Reorganization Value / Corporate Recapitalization Studies (IRC Section 368):** an opinion of the market value of the business enterprise(s) for reorganization/ recapitalization.

**Fresh Start Accounting Valuation: ASC 852 – Reorganizations:** restatement of the company's balance sheet, similar to the purchase price allocation analysis provided under **FASB ASC 805 – Business Combinations**.

### Financial Instrument Valuations

- Debt and Equity Securities: **FASB ASC 320**
- Equity Compensation: **FASB ASC 718 (IRC Section 409A)**
- Derivatives & Hedging: **FASB ASC 815**
- Investment Companies: **FASB ASC 946**

### ABOUT MARSHALL & STEVENS

Public and privately held companies rely on Marshall & Stevens to assist them with the planning, execution, and reporting of bankruptcy, restructuring and reorganizations, mergers, acquisitions, divestitures, financings, estate and gift tax reporting, dispute resolution, and litigation support.



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