

# Business Credit News

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**MAY 2015 Chairman: Terry Ludzenski  
Holt Cat**

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## **“DÉJÀ VU: FIRST QUARTER CORPORATE BANKRUPTCIES SUDDENLY SOAR, LARGEST NUMBER OF FILINGS IN SIX YEARS”**

*By: David Balovich*

If you travel over to Houston these days you'll find the town has been invaded by an army of consultants and bankruptcy attorneys signing clients in a frenzy similar to NFL teams on draft day.

But it's not just in Houston or the oil patch. It's happening all over the country in retail, healthcare, mining, finance. Corporate bankruptcies are suddenly springing up, after several years of dormancy.

In the first quarter, 26 publicly traded corporations filed for bankruptcy, two and a half times the number during the same period last year, according to [bankruptcydata.com](http://bankruptcydata.com). Six of these companies listed assets of over \$1 billion, the most since 2009. In total, they listed \$34 billion in assets, the second highest number for first quarter bankruptcy filings since before the financial crisis, and only second to the record \$102 billion set in 2009.

The largest bankruptcy was the casino gambling operating company Caesar's Entertainment followed by Doral Financial. Then security services firm Altegrity, followed by RadioShack, and Allied Nevada Gold. The first oil-and-gas company, Quicksilver Resources, completes the list in sixth place. However, there was a large number of privately owned natural-gas drillers who filed for bankruptcy protection during the first quarter, as the prices for a barrel of crude spiraled downward at the close of 2014. What is considerably noteworthy is that of the 15 largest publicly held bankruptcy filing during the first quarter only 4 were oil-and-gas related and with the exception of Quicksilver were all at the bottom on the list.

The first quarter filings list is not representative of a single troubled industry that ran out of luck or a single issue, such as the oil-price collapse. It's a broader phenomenon: too much debt that has been spread across a struggling economy. And now the day of reckoning is upon us.

Although the list is comprised only of publicly traded companies that have already filed bankruptcy, many industries, the energy sector for example, are composed of companies that are owned by private equity firms, such as natural gas driller Samson Resources, which warned in March that it might have to resort to bankruptcy to restructure its debt. Similar troubles are occurring throughout other industries, as the list illustrates, and as the larger companies merge and consolidate in their respective industries the failure of weaker companies with lessor resources to compete will grow.

While stockholders get wiped out and the un-secured creditors walk away, left out again of the pittance received for the creditors' claims, the restructuring specialists roaming the streets in Houston and other homes of mega-corporations are licking their chops. For years, the Fed's flood of money has kept these companies afloat no matter how badly they were hemorrhaging. Now the reality is setting in and for the restructuring specialists, the opportunities they let slip their hands during 2009 are once again becoming available.

The corporate bankruptcies are only one segment of the looming catastrophe on our horizon and sit at one end of the spectrum and at the other end? Well, the Fed is so concerned, that it recently conducted a workshop entitled "Chapter 9 and Alternatives for Distressed Municipalities and States," during which the New York Fed president warned about the potential for an increasing number of municipal bankruptcies.

So what are we going to do to plan for the next round of crisis that is being promoted as worse than 2008 – 2009?

Well, you can begin by planning to attend the NACM seminar on June 18 at the Petroleum Club. The entire program will be focused on collections and discuss the various things that can be done to be prepared for and deal with not only the impending crisis but to make you more successful in your day-to-day collection efforts..

I know I'm looking forward to it and plan on attending and I hope to see you there too.

*David Balovich is an accomplished author and public speaker. He is presently the North Region credit manager for Holt Cat.*

\*\*\*\*\* **MAY 2015** \*\*\*\*\*

Day	Date	Group	Location	Time
Tues	5	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin TX	11:30
Tues	12	Coastal Bend Group	*****WILL MEET AT SW CREDIT EXCHANGE MEETING *****	*****
Wed	13	Rio Grande Group	*****WILL MEET AT SW CREDIT EXCHANGE MEETING *****	*****
Thurs	14	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	19	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin, TX	11:30
Wed	20	Victoria Credit Group	Sky Restaurant, 236 Foster Field, Victoria TX	11:30
Thurs	21	Austin Ad Media	Phone Conference Meeting 1-800-791-2345	2:00
Thurs	21	Fuel & Lube/Heavy Eq.	Phone Conference Meeting 1-800-791-2345	2:30
Thurs	21	HVAC Credit Group	Texas Air Products, 11122 Gordon Rd, San Antonio TX	11:30
Tues	26	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30
Wed	27	Laredo Credit Group	Phone Conference Meeting 1-800-791-2345	2:00
Fri	29	SW Electrical Group	Onion Creek Country Club, 2510 Onion Creek Pkwy, Austin TX	11:30

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