

LS Associates – Receivership of Billboard Advertising Assets

Primary Industry: Outdoor Advertising

Asset Overview: 125 free standing billboards distributed amongst eight different entities and generating \$600,000 in total annual revenues.

Debt Details : \$3.5 million of secured debt with one lender, as well as a \$3 million owed to a judgment creditor and numerous unsecured creditors.

Situation : As a result of a loan default due to the non-payment of principle and an unresolved judgment against the loan collateral, the collateral, consisting of the 125 billboards, related ad contracts, land leases, warranty deeds, easements and permits, was placed into a receivership with Robert W. Leasure as the named Receiver. The operations and records of the assets were commingled with several other active and inactive entities and were very poorly maintained as the result of absent management. At the time of the receivership, all employees of the operations had been terminated.

LS Objectives : Robert W. Leasure, as Receiver, took control of the assets and hired LS to assist with the duties of the receivership. The objective was to identify, segregate, protect and preserve the assets while seeking to liquidate the assets and distribute the proceeds to the benefit of the creditors in accordance with the priorities of the law.

Tasks Performed : Within a day of being named the Receiver, Leasure and LS were on site taking control of the assets and putting together of team to assist with continuing the operations of the billboards. Tasks performed included collecting advertising rents, paying operating expenses, signing new or renewed ad contracts, performing maintenance, retaining an investment banker and conducting an auction of the assets to the highest and best offer, creating a claims process, petitioning the court for approval of the sale process and resulting sale and the distribution of proceeds. The distributions were made in accordance with lien priorities and based on the claims process. Monthly reporting of all operating and financial activities was made to the court. The secured lender was kept informed throughout the process.

Outcome : As a result of the actions of Leasure and LS, the loan collateral was identified, segregated, protected, preserved and operated with positive cash flows until the auction and sale of the assets was concluded 7 months later. The receivership required minimal direct involvement by the secured lender. Unsecured creditors were notified of the process and given the ability to file claims. All post Receivership operating expenses were paid timely. After Court approval, \$1.6 million in net funds available from operations and sale proceeds were distributed to the secured lender.