

Filing  
Chapter 11:

# CRITICAL EVENTS AT CASE COMMENCEMENT

BANKRUPTCY BAR ASSOCIATION  
OF THE SOUTHERN DISTRICT OF  
FLORIDA

FEBRUARY 24, 2022

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# PRESENTED BY:



**Judge Mindy A. Mora**  
United States Bankruptcy Court  
Southern District of Florida



**John Dodd**  
Baker McKenzie



**Stephanie Lieb**  
Trenam



**John Page**  
Shraiberg Landau & Page



**Eric Silver**  
Stearns Weaver Miller



# TOY STORY

**Toyco, LLC is a closely-held Florida limited liability company with its principal place of business in Fort Lauderdale, Florida.**

## OWNERSHIP

The Pixar family owns  
100% of the  
membership interests  
in Toyco.

Mom Pixar =  $\frac{1}{3}$

Dad Pixar =  $\frac{1}{3}$

Son Sammy =  $\frac{1}{6}$

Daughter Bessie  
=  $\frac{1}{6}$



## MANAGEMENT AND EMPLOYEES

- ▶ Johnny Outsider is CFO
- ▶ Dad Pixar is CEO
- ▶ Sonny Pixar is COO
- ▶ Bessie Pixar is CMO
- ▶ Employees = 35







# FIVE LOCATIONS:

**HOLLYWOOD – original location; owned by related entity RE Holdco**

**\*\*\*No Written Lease\*\*\***

**BAL HARBOUR – Above Market**

**BRICKELL – Above Market**

**TAMPA – Below Market**

**MIZNER – At Market**



# DEBT:

Land Bank holds a mortgage on the Hollywood location

\*\*\*Guaranty by Mom and Dad Pixar\*\*\*

\*\*\*Paid By Toyco\*\*\*

Expand Bank provided a secured line of credit to Toyco for purchase of inventory and expansion to additional locations

\*\*\*Guaranteed by Pixar/Toyco employees\*\*\*



# **IMPACT OF EXPANSION AND PANDEMIC:**

## **Adverse Factors:**

**Amazon Effect**

**Supply Chain Woes**

**Labor Shortages**

**Wage Inflation**

## **Result:**

**Tightening of Cash Flow**

**Decreasing Sales**

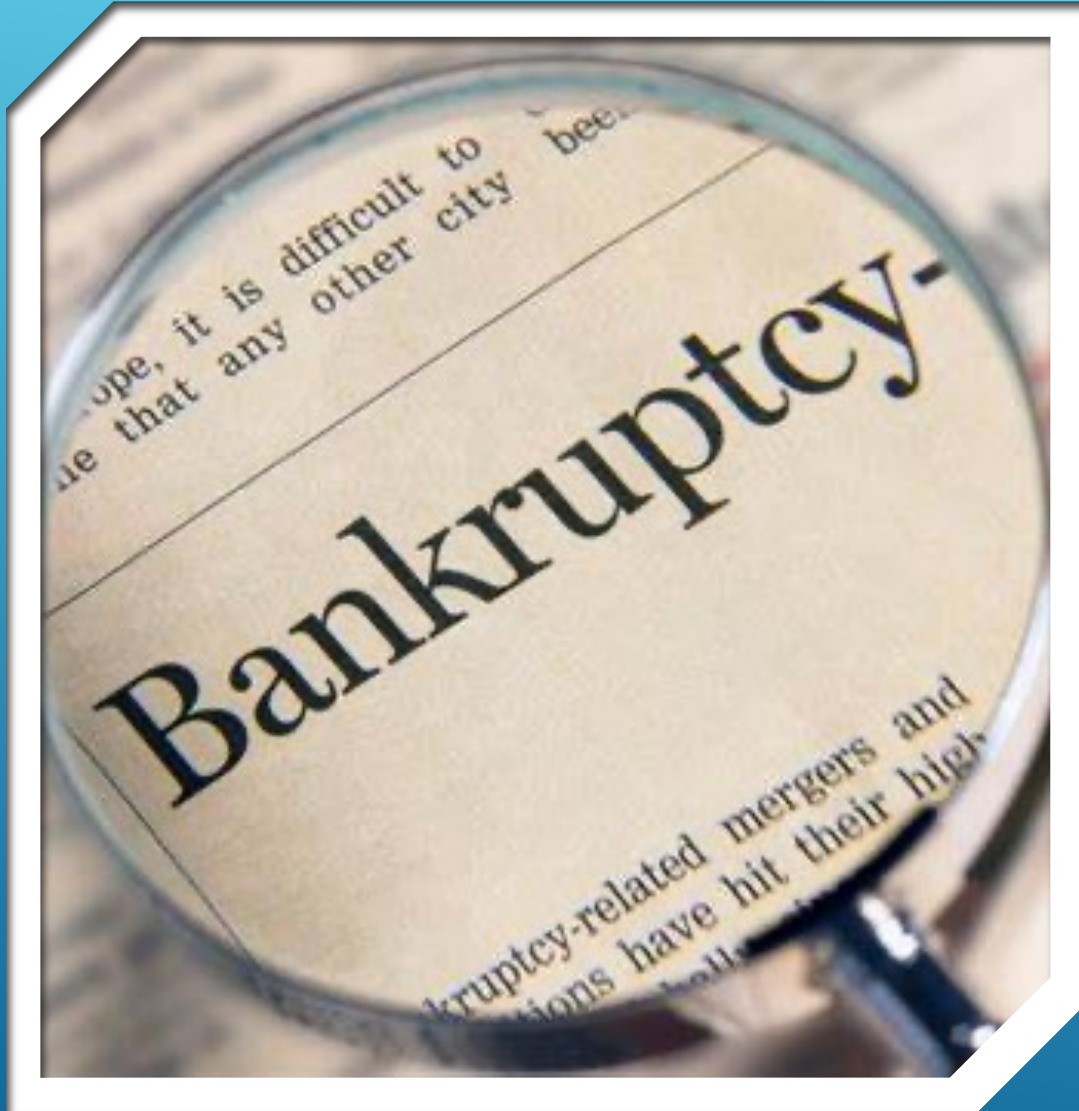
**Longer Accounts Payable Period**





## **MERCHANT CASH ADVANCES TO COVER CASH FLOW SHORTFALLS**

- ▶ **Merchant Capital provides a merchant cash advance to Toyco.**
- ▶ **But, Toyco struggles to keep up with the automatic debits that Merchant Capital charges against the operating account.**



## CHAPTER 11

► Unable to keep with the payments to Merchant Capital, Toyco and the Pixars turn to Best Chapter 11 Lawyers for help.



# RETENTION ISSUES:

- ▶ Who Do You Represent?
- ▶ Retainer
- ▶ Engagement Letter
- ▶ Corporate Authority





## **PRE-FILING CONSIDERATIONS:**

**Managing employees**

**Replacement management**

**Creating a cash cushion**

**Negotiating with creditors**

**Lining up DIP financing or  
creating cash collateral**

**United States Bankruptcy Court  
Northern District of California**

In re Tvia, Inc.

Debtor

Case No. 08-55860Chapter 11

**SUMMARY OF SCHEDULES**

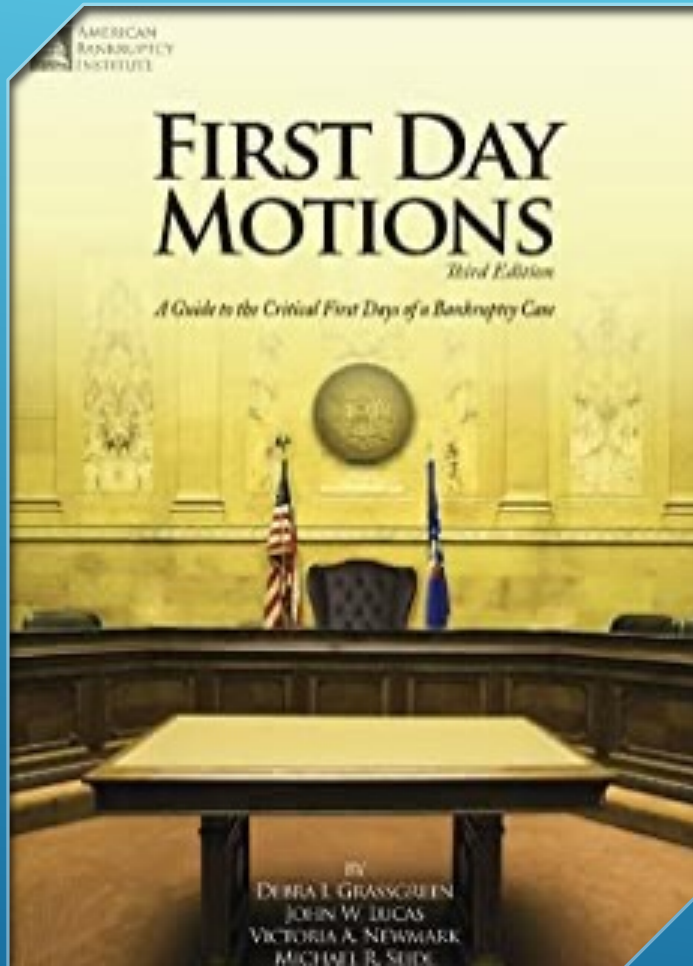
Indicate as to each schedule whether that schedule is attached and state the number of pages in each. Report the totals from Schedules A, B, D, E and J in the boxes provided. Add the amounts from Schedules A and B to determine the total amount of the debtor's assets. Add the amounts of all from Schedules D, E, and F to determine the total amount of the debtor's liabilities. Individual debtors also must complete the "Statistical Summary Certain Liabilities and Related Data" if they file a case under chapter 7, 11, or 13.

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	ASSETS	LIABILITIES	OTHE
A - Real Property	YES	1	\$ 0.00		
B - Personal Property	YES	3	\$ 5,324,767.00		
C - Property Claimed as Exempt	NO				
D - Creditors Holding Secured Claims	YES	1		\$ 0.00	
E - Creditors Holding Unsecured Priority Claims (Total of Claims on Schedule E)	YES	2		\$ 37,240.00	
F - Creditors Holding Unsecured Nonpriority Claims	YES	5		\$ 947,590.74	
G - Executory Contracts and Unexpired Leases	YES	4			
H - Codebtors	YES	1			
I - Current Income of Individual Debtor(s)	NO	0			\$
J - Current Expenditures of Individual Debtor(s)	NO	0			\$
<b>TOTAL</b>		<b>17</b>	<b>\$ 5,324,767.00</b>	<b>\$ 984,830.74</b>	

# REQUIRED DOCUMENTS:

- ▶ Petition
- ▶ Schedules of Assets and Liabilities
- ▶ Statement of Financial Affairs (SOFA)
- ▶ Chapter 11 Case Management Summary
- ▶ Other Local Requirements





# FIRST DAY MOTIONS:

Pre-petition Payroll

Employment of Professionals

Critical Vendors

Bank Accounts

Cash Collateral/DIP Financing

Leases

Utilities

Turnover



# **MANDATORY MEETINGS:**

- ▶ **Initial Debtor Interview (IDI)**
- ▶ **341 Meeting**
- ▶ **2004 Examination**

# MANDATORY REPORTING: Don't forget to file your Monthly Operating Reports (MOR's)!

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF \_\_\_\_\_  
<Enter Division name if applicable, else delete this text>

Clear All Fields  
Save

In Re. \_\_\_\_\_  
Debtor(s)

Case No. \_\_\_\_\_

☐ Jointly Administered

< select a report type > Chapter 11

Reporting Period Ended: \_\_\_\_\_ Petition Date: \_\_\_\_\_  
Months Pending: \_\_\_\_\_ Industry Classification: \_\_\_\_\_

Reporting Method: Accrual Basis ☐ Cash Basis ☐

Debtor's Full-Time Employees (current): \_\_\_\_\_  
Debtor's Full-Time Employees (as of date of order for relief): \_\_\_\_\_

**Supporting Documentation** (check all that are attached):  
(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- ☐ Statement of cash receipts and disbursements
- ☐ Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- ☐ Statement of operations (profit or loss statement)
- ☐ Accounts receivable aging
- ☐ Postpetition liabilities aging
- ☐ Statement of capital assets
- ☐ Schedule of payments to professionals
- ☐ Schedule of payments to insiders
- ☐ All bank statements and bank reconciliations for the reporting period
- ☐ Description of the assets sold or transferred and the terms of the sale or transfer