

Patience, creativity yield distributions to ADLT shareholders

It's not every day that an equity committee is appointed in a Chapter 11 case. And it's even less common for those former shareholders to wind up with anything to fill their empty pockets.

But recently, **Bridge Associates LLC's Mark Stickel**, acting as the trustee for the ADLT Class 7 Liquidating Trust, had the pleasure of announcing that the trust, which was created to hold **Advanced Lighting Technologies Inc.**'s assets for the benefit of the company's shareholders, completed the sale of its holdings for a total of \$16.3 million.

\$16.3 million — for shareholders?

The sale translates into an estimated total distribution of approximately 72 cents per eligible share to the trust's beneficiaries. Not only is that a far cry from the goose egg that most shareholders receive, it's also a far cry from the 4 to 8 cent range predicted during the ADLT Chapter 11 case.

Algon Group's Troy Taylor, who served as financial advisor and investment banker to the Official Equity Committee for ADLT, says the result was far better than anticipated, especially given the challenges the team faced in acquiring any assets for the trust. "This case was really a twofold challenge," he said. Phase one involved the fight to accumulate the assets for the trust. Phase two involved the struggle to convert the miscellaneous assets the creditors allowed them into cash.

Negotiating for what Taylor calls "a grab bag of miscellaneous assets" rather than cash was the key to accumulating any assets for the shareholders. "Obviously, if we had gone in there and said, 'We want \$16 million,' they would have showed us the door. But since we were willing to take up these odds and ends, they found it far more palatable," Taylor said. It probably didn't hurt, he added, that at the time, neither side was aware of the value of the assets, with both sides agreeing the grab bag was likely to have a total value somewhere in the range of \$4 million to \$5 million.

Turning those miscellaneous assets, which included two of the debtor's successful venture capital investments into cash, was likewise a balancing act. Those assets included 1.5 million shares of **Fiberstars Inc.** and 9,440 shares of **Hexagram Inc.** common stock.

Within six weeks after acquiring the assets, the trust was inundated by offers from brokerage firms, many of which were willing to close a deal in a week — if only the trust was willing to be had.

So the team waited. "The trustee has to get as much cash as possible to the beneficiaries, but you can't hold out for the last nickel, either," said Taylor. That waiting eventually paid off millions. Just a few months after turning down a \$2 million offer for the trust's holdings of Hexagram stock, the trust sold the 9,440 shares to an affiliate of **ESCO Technologies** for approximately \$3.66 million.

The trust already distributed approximately \$12.3 million, or 53 cents per eligible share, from the liquidation of its holdings of more than 1.54 million shares of Fiberstars Inc. The trust expects to make an additional aggregate distribution of \$4.1 million, or 19 cents per eligible share, by July 1, 2006, from the proceeds of the sale of the remaining assets. The trust also sold its contingent interest in the post-bankruptcy ADLT to **SP Finance Company LLC** for \$350,000.

"This successful outcome for the trust's beneficiaries would not have been possible without the able assistance of our team of professional advisors," said Stickel. Taylor, along with **Phil Ruben** and **Aaron Kase of Levenfeld Pearlstein LLC**, played an important role in negotiating the orderly sale of the trust's holdings of Hexagram stock.

The sale of the contingent interest in the post-bankruptcy ADLT was handled by bankruptcy counsel team of **Mark Radtke** and **Robert Fishman of Shaw Gussis Fishman Glantz Wolfson & Towbin LLC**, with Algon Group serving as financial advisor.

Fishman, Radtke and Taylor represented the Official Committee of Equity Holders in the Chapter 11 case, and they negotiated the terms of the Chapter 11 plan that resulted in the ADLT Liquidating Trust receiving the Fiberstars Inc. and Hexagram Inc. stock, and the contingent interest in the post-bankruptcy ADLT. □



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