

Wismarq Corporation

Wismarq Corporation, headquartered in Wisconsin, formed in the early 1980s and owned by a husband and wife team, performs specialty coating of steel and aluminum for customers throughout the eastern United States, primarily serving the commercial building and housing markets. In total, Wismarq employs nearly 200 non-union employees.

In the mid-1990s, a second location was added in Illinois. In 2010, Wismarq acquired a coil coating division in Pennsylvania. In 2011, Wismarq acquired coating assets and processing equipment in Tennessee, along with a 500,000 square foot facility. These acquisitions included coating equipment that broadened Wismarq's customer base and geographic market.

The Tennessee facility and processing equipment had not been operated for some time prior to the acquisition and required significant investment for renovation. The ramp-up was substantially more costly and took considerably more time than anticipated. To manage through the business' slow winter season, the owners contributed substantially all of their remaining personal assets.

The company's lender declared a default and the parties entered into a forbearance agreement. In January 2013, the lender hired a consulting firm to prepare a liquidation analysis of the company, and the forbearance agreement was extended to permit the company to retain an investment banking firm to attempt to refinance the lender's obligations.

In October 2013, after the company failed to accomplish a refinancing, the lender retained Rally Capital Services, LLC for a second opinion on the liquidation analysis of the company. Rally concluded that the prior liquidation analysis was significantly overstated given the nature of paint inventory, much of which was stored in containers which had been opened. Rally and Reinhart Boerner Van Deuren, Wismarq's counsel, concluded that the sale of Wismarq as a going concern or a refinance (if possible) was a better option than winding down the company and convinced the bank to remain in an over-advanced situation to fund working capital during the process.

Concord Financial Advisors, LLC was brought in to replace the existing investment banking firm that had run the refinancing process for almost a year with no tangible results. Concord assessed the situation quickly and ran a very efficient and intense two-week process to find refinancing lenders and/or buyers. Concord identified a number of interested purchasers, as well as lenders willing to finance a restructured company.

The most favorable proposal was issued by the Los Angeles firm Peninsula Pacific Strategic Partners, which proposed to purchase the notes from the lender. Peninsula offered to provide infrastructure, institute industry best practices, and infuse the necessary capital, as well as potential capital for add-on acquisitions. Peninsula proposed owning a majority of Wismarq, with the owners retaining a minority interest and being released from their personal guaranties to the lender. Working together and with the incumbent lender, the team closed the transaction in less than six weeks.

Concord then introduced Peninsula to MB Financial's Asset Based Lending Group, which moved quickly and aggressively to put together a \$10 million working capital facility to augment the proposed note purchase post closing.

As a result of the team's efforts, a fundamentally sound but distressed company was restructured in a very short time frame with more than 200 jobs retained. The owners, who faced losing everything, retained significant equity and their interest in the Wisconsin real estate, and avoided substantial exposure on their personal guarantees. The lender recovered substantially more than it would have realized in a liquidation.



Tom Jones
Concord Financial
Advisors, LLC



Steve Yahnke
Concord Financial
Advisors, LLC



Matt Homme
Peninsula Pacific
Strategic Partners, LLC



Joshua Phillips
Peninsula Pacific
Strategic Partners, LLC



Craig Graff
Rally Capital
Services, LLC



Michael Sharkey
MB Business Capital



Bruce Sprenger
MB Business Capital



Pete Blain
Reinhart Boerner Van
Deuren S. C.



Tim Nettesheim
Reinhart Boerner Van
Deuren S. C.