



TAMPA BAY BANKRUPTCY CENTER, P.A.

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November 28, 2010

Bankruptcies for Company and City

The prospect of bankruptcy is affecting not only individuals but also companies and even entire cities. Last week it was reported that Lack's Stores Inc. will soon file for Chapter 11 bankruptcy. The retailer in home furnishing, which employs more than 800 store employees, intends to close 36 of its stores in 75 cities including stores in San Antonio and a new one in New Braunfels. The affected stores will host closing down sales within the next 45 to 75 days.

According to Lack's their financial problems stem primarily from their lenders. The banks and other lenders have traditionally funded Lack's account receivables by granting loans to the company for their customers to buy furniture. But now the banks have given notice to Lack's that they will no longer finance these accounts and demanded repayment for outstanding amounts. This has resulted in the company seeking bankruptcy protection.

The other factor that precipitated the bankruptcy filing is the current economy. Before the economy slumped in 2008, Lack's employed over 1,200 employees and had revenue of more than \$200 million per year.

<http://tampabankruptcy.pro/blog/>

But since the economic recession, the company had to lay off more than 300 of its staff as revenue dropped by 20%.

Lack's will not give any comments on its reorganization plans at this time until its bankruptcy is filed and neither will it release details of its assets and liabilities. Lack's is currently based in Schertz, Texas in a 380,000 square foot distribution center. What the company would do with its stores and distribution center remains to be seen.

In the meantime, the city of Hamtramck in Michigan is trying to get permission from the state to declare bankruptcy. According to city manager Bill Cooper, the city will run out of money come end of January 2011.

Bankruptcy is the only way for the city to continue to pay its nearly 100 employees and 153 retirees whose salaries and pensions take up about a third of the city's annual \$18 million budget. Hamtramck will be the first city in Michigan to declare bankruptcy in what is envisaged to be the first of many.

Part of Hamtramck's financial problems stem from their dispute with Detroit city which itself is near bankrupt. Hamtramck sued Detroit over shared tax revenue from the GM Poletown Plant but Detroit contends that it had previously overpaid it.

If you are struggling financially, consider seeking bankruptcy protection. Call us at (813) 200 4133 for a free consultation.