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A Successful Chapter 11 Bankruptcy

In the entire nation, only an estimated 25 to 30% of Chapter 11 bankruptcies are confirmed. Confirmation is the final step towards emergence from bankruptcy. The rest are either dismissed or converted into Chapter 7 bankruptcy that requires liquidation of assets to pay off debts. SARS Auto Transporters of Tucson, Arizona filed for bankruptcy protection more than 2 years ago and finally on June 30 emerged from bankruptcy.

SARS was founded in 1992 as Southwest Auto Re and 14 years later was bought over by businessmen Kent and Dale Bauman who both did not have any experience in trucking. Kent Bauman's former employer up to that point was Intuit. He decided to stay put when the company moved his unit out of Tucson. Looking to buy a business, he eventually bought SARS after a 2 year search. But unfortunately, the economic crisis began not long after. The company's revenue stream quickly dried up as their bills began to pile.

Having to pay for their trucks over the long term and having contracts that only paid meager sums further added to their problems. Compounding things further were the fact that other companies were failing, too. Several car-dealer clients went bust including one major used car dealer in Tucson that owed SARS \$15,000 when it went bankrupt. Eventually, SARS filed for bankruptcy protection. It had 65 employees at the time.

During the bankruptcy process, SARS reduced its workforce to 40 employees while still having to pay for \$200,000 in expenses - rent, fuel, insurance, payroll, truck installment payments - every month. SARS' bankruptcy attorney, Eric Slocum Sparks, said he managed to reduce the company's debt by millions of dollars on what he said were overvalued assets, including equipment and customer lists. The willingness of the company's owners to use their own money to pay for expenses possibly impressed the bankruptcy judge to some extent in his decision to allow confirmation.

In the whole state of Arizona, 404 Chapter 11 cases were filed in 2008 but only 56 arrived at confirmation, according to the deputy chief clerk in the Arizona District of US bankruptcy court. SARS is considered a rare success story.

After coming out of bankruptcy, the company now operates with 15 drivers who drive 18-wheelers to move cars from one auto dealer to another or between auto dealers and auto auctions. The major cities covered are Tucson, Phoenix, Las Vegas and Los Angeles.

If your company is swamped by too much debt, you can apply for bankruptcy protection under Chapter 11 of the bankruptcy code. Soon, your company can be another successful Chapter 11 bankruptcy. Call us for a free consultation at (813) 200 4133 or visit <http://tampabankruptcy.pro>.

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