



TAMPA BAY BANKRUPTCY CENTER, P.A.

PHONE: (813) 200-4133

TOLL FREE: (800) 965-5074

May 30, 2010

[GunnAllen Goes Into Bankruptcy](#)

In another case of bankruptcy in Florida, investment brokerage firm, GunnAllen Financial Inc. filed for Chapter 11 bankruptcy protection Monday, April 26 at US federal bankruptcy court for the Middle District of Florida in Tampa. Once an up and coming investment broking firm in the financial services industry, GunnAllen listed assets and liabilities between \$10 million and \$50 million in its bankruptcy papers. This move came about a month after the Financial Industry Regulatory Authority (FIRA) found GunnAllen to be lacking in working capital to sustain its business.

In its bankruptcy court documents, the firm listed between 200 and 999 creditors, the largest of which was an organization called 5002 West Waters LLC of Miami to whom GunnAllen owed \$22.8 million. Among the local Florida creditors, Lewis Brisbois Bisgaard & Smith LLP of Tampa is the largest creditor claiming a \$75,000 worth of debts. According to court papers, this amount is disputed.

Monday's Chapter 11 bankruptcy filed by GunnAllen is not the typical Chapter 11 bankruptcy most firms file. Usually Chapter 11 is to protect companies from creditors and enable them to reorganize their finances and operations while still continuing business. However in GunnAllen's case, the firm is using the provisions of Chapter 11 to sell off its assets.

At one time, GunnAllen was considered a rapidly expanding, up and coming securities brokerage and financial services firm in the Tampa Bay area. It had 129 brokers and 133 local consultants, ranking no. 5 among securities brokerages and no. 3 in financial consulting firms, according to the Business Journal's '2010 Book of Lists'.

But things began to get awry for the Tampa-based brokerage firm when it discovered one of its independent brokers tried to run an illegal Pyramid (or Ponzi) investment scheme. Also in 2008, a former subsidiary of the firm was bought over by a group of investors led by Tampa businessman and former GunnAllen chairman John H. Sykes through his company, JHS Capital Holdings Inc. and the all members of the board of directors were removed late last year. The final straw that broke the camel's back came last month when the FIRA ordered the firm closed due to insufficient capital.

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

The company's numerous legal problems of late notwithstanding, its remaining assets will be liquidated and then distributed to the various parties with claims against GunnAllen through arbitration, according to the firm's bankruptcy lawyer.