

Endicott Interconnect Technologies Seeks Bankruptcy Protection

by Joel R. Glucksman on August 2, 2013

Endicott Interconnect Technologies has filed for bankruptcy protection with the U.S. Bankruptcy Court in Utica, and says that layoffs may quickly follow.

The company, which was recently spun off from IBM in 2002 in the hopes of saving thousands of jobs, announced its plans to file for Chapter 11 protection and sell its assets to meet its creditor obligations. In its court filing, the company disclosed that it's carrying \$16.09 million in secured debt and \$67.3 million in unsecured debt, according to Dow Jones Newswires. In addition, the company owes \$4.49 million in rent to its landlord. Endicott, which produces microelectronics, listed between \$10 and \$50 million in assets.

The company cited fierce competition from foreign competitors and federal budget cuts as the causes of its financial issues. Endicott previously provided circuit boards to several U.S. companies, including IBM, Cisco Systems, and the Department of Defense, but it noted that the industry is largely moving to China. Endicott also noted that it has faced falling revenue since roughly 2009. During this period, it has been trying to overcome its financial struggles through several methods, including debt refinancing and new capital contributions. Three of the four company founders have cut their ties with the company, and remaining owner Jim Matthews Jr. stepped down as Endicott's chief executive.

Endicott said it plans to continue its operations through the bankruptcy process, but discussed the possibility of laying off a percentage of its 600 employees. The company - which employed 1,100 workers in November 2012 - has already made significant cuts and limited its operational expenses, but the court issued an interim motion mandating the Endicott continue to pay its employees' health care and benefits, according to Fox WICZ.

The company noted that it is currently in private negotiations with a potential purchaser that would serve as a stalking horse bidder during the proposed bankruptcy auction.