

## The Client

The court appointed a Chief Restructuring Officer in the fraud and store abandonment case leading to the bank's subsequent seizure and closure of Boston based Alpha Omega, a seven-store chain known worldwide for their expansive inventory of fine Swiss watches. The Chief Restructuring Officer was charged with preserving and collecting jewelry, fixed assets, and intellectual properties from the debtor, Alpha Omega, converting it into cash, and accounting for all the company's properties and proceeds from the liquidation process.

## The Gordon Company Assignment

Enable the Chief Restructuring Officer to:

- Secure fine jewelry and watch inventory valued at about \$40 million
- Dispose of the debtors inventory, while maximizing the residual value to creditors
- Minimize the cost of monetizing the inventory
- Monitor and control the liquidation process, providing an auditable record of sales transactions, proceeds from the sale, and remaining inventory
- Minimize the negative publicity of the alleged fraud, store abandonment, and store closure by the bank in order to maximize Alpha Omega sales during the remainder of the Christmas season

## The scope of The Gordon Company's assignment included:

- Developing an urgent asset management and liquidation plan satisfactory to the Chief Restructuring Officer, the primary creditor, the bank, and as necessary law enforcement authorities
- Immediately reopening and re-staffing seven Alpha Omega and Alpha Omega Express stores in the Cambridge and Boston, MA area
- Reestablishing home office administrative functions such as, personnel management, loss prevention, marketing and advertising, real estate and lease management, and customer service departments
- Securing debtor's fine watches and jewelry, customer property, and vendor consignment assets valued at about \$40 million
- Developing and implementing a timely sales, expense, media, and staffing plans to continue business through the Christmas season and, if necessary, the subsequent liquidation of all remaining inventory
- Implementing and auditing local sales, pricing, and inventory control processes to the satisfaction of the Chief Restructuring Officer, creditor representatives, and law enforcement officials

## Considerations

- Fine Swiss watches represented in excess of 50% of the inventory
- Alpha Omega owners had allegedly stolen about six million dollars in inventory and fled the country
- The Alpha Omega stores had been immediately closed by the primary creditor, the bank, and was deemed a crime scene by the FBI and local law enforcement authorities

- Store managers and sales staff had been terminated
- The Home Office was closed and administrative employees had been terminated
- Inventory information, as well as sales and inventory records had been seized by authorities as evidence, limiting the availability of timely information to manage subsequent marketing and sales activities
- Time was of the essence

#### The Gordon Company Solution and Accomplishments

1. Developed a satisfactory asset management and liquidation plan for the Chief Restructuring Officer, the bank, and law enforcement authorities within a day of the stores' closure
2. Reopened all seven stores within 24 hours of the original closure, installing The Gordon Company store management team and rehiring Alpha Omega sales employees
3. Immediately secured debtor, vendor, and customer's jewelry and other company assets with no material loss in value to creditors or related parties
4. Reestablished Home Office administrative functions
5. Mitigated harmful publicity from the original store closure ensuring high sales productivity during the Christmas season
6. Provided guidance in the sale of selected store leases and fixed assets to Ross Simons
7. Facilitated the orderly liquidation of the business as a "stalking horse" bidder
8. Succeeded as the high bidder for the remainder of the company's assets
9. Sold 100% of the inventory

According to Phil Holden, President of The Gordon Company ...

*"Given the crisis situation, I'm very proud of the fact that The Gordon Company was able to provide real benefits and value for every concerned party to the bankruptcy. We offered the biggest return on the assets of the company and our presence created confidence in the jewelry industry that the creditors would benefit from the best possible outcome. Also, we were able to provide several additional months of income and incentive bonuses for the employees so they could make a smooth transition to new jobs after literally being put out on the street."*