

ABCs in 1,2,3:

A primer on
Assignments for the
Benefit of Creditors
(ABCs)

What is an ABC?

A nimble process for winding down and selling the assets of a company that is fast approaching the end of its cash runway.

With little or no court involvement in most states, ABCs are far less expensive than bankruptcy and can be launched quickly, with an "Assignee" of the company's choosing. This third-party fiduciary runs a sale process, ties up corporate loose ends, and distributes funds to creditors.

Boards and management like being able to walk away with assurance the situation is in the Assignee's capable hands and avoid the stigma of a publicly discoverable bankruptcy filing. Lenders and other creditors like having a professional fiduciary at the helm.

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When does it make sense to explore one, and what's the cost?

When the odds of a fundraise or normal-course M&A seem low, it's smart to *gameplan "what-if" scenarios in parallel.*

With legal and other guidance, stakeholders weigh options. Those who decide to commence an ABC typically have 2-6 months of cash remaining.

To properly accomplish the sale and wind-down workstreams, several costs will need to be part of the ABC budget—not only the Assignee's fee but also the stay team, final tax returns, legal expenses, critical vendors, etc. The total cost typically is in the low-to-mid six figures.

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Whom to engage as an Assignee?

G2 Capital Advisors helps distressed companies navigate exits and workouts, including *servicing as the Assignee in ABCs*.

We're the only ABC provider with an in-house M&A investment banking practice – which is important because the asset sale drives creditor recovery, and we use our banker muscle to pursue the optimal outcome in ABCs.

As a provider of many restructuring and financial advisory service offerings, we can provide an unbiased assessment as to whether this option is right for you.

Questions? Contact:

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