

Excel Storage piled up \$14 million in debt before closing

Union, bank in federal court battle over disposition of Monroe County company's assets

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The union that represents workers at a defunct Monroe County manufacturer and a bank that says the company owed it millions of dollars in outstanding loans when it closed abruptly on Friday are battling in U.S. District Court over how to settle the company's debts.

Excel Storage Products in Stroud Township shut its doors — costing 163 area workers their jobs — after amassing millions of dollars in debt dating to 2006, according to court documents.

The documents contrast starkly with Excel's official company statements, which portrayed the manufacturer as a company on the rise, rapidly buying up other businesses in an effort to become a leader in the production of racks and shelving systems used by major retailers and distributors.

According to a federal lawsuit filed by its lender, Huntington National Bank, on Monday in U.S. District Court in Pittsburgh, the company owed the Columbus, Ohio-based lender more than \$14.6 million when it closed on Friday. The union says its members are owed unpaid salaries.

Excel Storage Products shut its doors before the bank declared the company in default, according to the court filing.

"[Excel] unilaterally elected to wind-down its business affairs and to shut down substantially all of its business operations," bank attorneys argue in their request that the court appoint a third party to oversee the company's liquidation in order to repay the loans. "At no point in time did Plaintiff pressure Defendant to cease operations."

Huntington Bank has asked the court to appoint Compass Advisory Partners LLC of Pittsburgh which specializes in corporate turnaround and crisis consulting, as receiver for the company. Excel Storage has agreed to the arrangement, according to the court filing.

Corporate receivership is used as a streamlined and less expensive alternative to bankruptcy, especially when the value of the company's assets — put up as collateral for the loans — are worth less than what it owes its bank, said Green Bay, Wisc.-based insolvency lawyer Timothy F. Nixon.

Court appointed receivers are charged with getting the maximum value out of the company they oversee, and often end up selling company assets to new owners who plan to take over the business and turn a profit, he said.

"Selling it to someone who will buy it and operate it is the way to get the most money," Nixon said.

Union attorneys appeared in federal court Wednesday to oppose the request, saying it would prevent anyone else from recovering money from Excel Storage, said Laborers Local Union 108 business manager Michael Hellstrom.

That list includes workers who may be owed up to 60 days wages if the union can show the company

violated federal labor law that governs plant closures by failing to give workers adequate notice of Friday's shutdown, he said.

The Pennsylvania Department of Labor and Industry received a notice of the shutdown, required by the federal Worker Adjustment and Retraining Notification or WARN Act, from the company in the mail this Wednesday, said spokesman Christopher Manlove. The letter, which announces the company is "permanently shutting down," is dated Friday, Sept. 17.

"We regret that, due to unexpected and unforeseeable business circumstances, we were unable to provide you with a greater amount of advance notice," writes Human Resources director Thom Sella.

Hellstrom said the union may sue the company and its principals in federal court for violating the WARN act. He said he hopes Huntington Bank brings in new ownership to restart the business and turn a profit.

"There is a real vacuum that has been created by the collapse of this business in the marketplace," Hellstrom said.

In the meantime, workers will qualify for unemployment benefits, Hellstrom said. State Labor and Industry officials are scheduling meetings to help the laid-off workers sign up for those benefits and other programs such as job training or education.

Company officials including Bruce Cassidy Jr. and James L. Fields, principals in Excel Capital Partners, which owns Excel Storage Systems, have not returned calls seeking comment. A Huntington Bank spokeswoman said the bank does not comment on its customers.

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