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TRANSACTION OF THE YEAR (SMALL COMPANY)
LONGVANS, INC. AND 14 RELATED LIMITED LIABILITY COMPANIES

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LongVANS, Inc. ("Company") was a privately-held lessor of portable space solutions for commercial, industrial, and retail customers across the Midwest. The Company specialized in leasing storage containers and office trailers. Based in Wisconsin, at its peak, the Company leased more than 1,500 rental units to more than 800 customers in Wisconsin, Minnesota, Iowa, Michigan and Illinois.

The Company had demonstrated a growth trajectory since its founding, but both the capital structure and the cost of capital prevented the Company from growing further or even servicing its existing debt. It grew too fast, too soon. Typically, the Company raised capital by enlisting one or more investors who invested $200K in cash into a newly formed, single-purpose LLC. The Company was the sole member of each new LLC. The new LLC would then use that $200K in capital to obtain a loan from a traditional lender for $800K. The $1MM was then used to buy another pool of assets (usually storage containers and office trailers). Despite the assets' 20-year useful life, the standard loan term was five years. This enticed investors with near-term potential returns. The LLCs would lease the new assets to the Company, which would then rent them to customers. In all, 14 related LLCs were indebted to more than 10 different secured parties. The founder and principal of the Company was the managing member of every LLC, and he had effective management control over all of the entities, without a controlling ownership interest.

To reach a successful closing, it took all of the nominees' talents and experience (and a little luck in the market) – *outside of a bankruptcy proceeding* – to:

- Vet, and in many instances, recreate the Company's current and historical financial statements to create accurate projections for the sale period, and to provide legitimate historical statements for due diligence.
- Identify the assets owned by the Company and the 14 related LLCs to determine which members or shareholders, and which secured lenders, would receive the sale proceeds.
- Garner the necessary stakeholder support from: o 10 different lenders and other competing secured parties, who had not received P&I payments in months and would not be paid during the 6-month sale process, all without any inter-creditor agreements and in the face of multiple pending lawsuits; o Trade creditors, some holding eight different judgments, garnishment actions, and 14 pending lawsuits; o Key employees, after developing and funding retention packages; and o Investors.
- Negotiate an agreement with the real estate lender for the Company's base location, owned by yet another LLC, involving another secured creditor, despite the mortgage lender filing a foreclosure action shortly after our engagement, and despite the entry of a judgment of foreclosure several months before the sale closed.
- Operate the business on a breakeven basis during the sale process, while neither paying down or further extending the trade creditors.

Secured lenders voiced concerns over their risk when we were engaged. By preserving the value of the operating business and running a competitive bid process that closed 63% higher than the initial bid, all secured claims were paid in full at closing. After the release of various holdbacks, all trade creditors will be paid in full and investors will receive some return.