

CASE STUDY: Christian Bernard Jeweler's,
(38th largest U.S. Jewelry chain according to the *National Jewelers'* "2007 Survey of Top Fifty Jewelry Companies")

The Client

The court appointed trustee in the case of Christian Bernard's surprise, Chapter 7 filing for liquidation and subsequent unannounced immediate business closure. The trustee was charged with the responsibility of collecting jewelry, fixed assets, and intellectual properties from the debtor, Christian Bernard, converting it into cash, and accounting for all the company's properties and proceeds from the liquidation process.

The Gordon Company Assignment

Enable the trustee to

- Secure inventory valued between \$18.7 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 customer complaints that could decrease creditors recovery from the sale of the debtor's (Christian Bernard) jewelry
- Satisfy inquiries from state attorney general office about customer property in the possession of the debtor.

The scope of The Gordon Company's assignment included:

- Developing an urgent asset management and liquidation plan satisfactory to the trustee and the court
- Immediately reopening and re-staffing 15 stores in eight states for business
- Securing debtor's jewelry, customer property, and vendor consignment assets valued between \$18.7 million
- Developing and implement timely sales, expense, media, and staffing plans for a liquidation sale for all 15 debtor stores
- Implement and audit local sales, pricing, and inventory control processes to the satisfaction of the trustee

Considerations

- Christian Bernard Jewelers had filed Chapter 7, closed the stores, terminated staff, with pay still due, without prior notice, contravening numerous state and federal laws
- State Attorney General's intervention because of vendor and customer complaints could reduce creditor's recovery during the liquidation through unfavorable media coverage
- The debtors inventory, as well as, customer and vendor assets were unsecured increasing the risk of further creditor loss

- Time was of the essence

The Gordon Company Solution and Accomplishments

1. Developed a satisfactory asset management and liquidation plan for the trustee
2. Re-staffed all 15 stores, across eight states within four days of The Gordon Company's plan approval by the Bankruptcy Trustee
3. Immediately secured the debtor, customer, and vendor jewelry and assets with no material loss in value to creditors or related parties
4. Exceeded sales projections by 20%
5. Mitigated harmful publicity
6. Resolved all consumer complaints to the satisfaction of each, individual customer