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## Recession reports - US Court grants Bender Shipbuilding Chapter 11 filing

*Friday, 10 Jul, 2009*

The US Bankruptcy Court for the Southern District of Alabama has granted a motion by Bender Shipbuilding and Repair to convert the involuntary Chapter 7 bankruptcy filing initiated by three creditors on June 9th 2009, to a Chapter 11 filing. The court has set a July 13th 2009 date for Bender to meet with Bankruptcy Administrator.

Among documents filed with the court yesterday were an emergency motion by Bender for use of cash collateral and to grant replacement liens that says that prior to the filing of the petition, Bender financed its daily business activities through the use of a factoring arrangement with Marquette Commercial Finance. Bender seeks use of such collateral in an amount not exceeding USD 2,251,121.00 for the period from the date an order for relief is granted through July 15th 2009.

Another document filed yesterday was an application by Bender to take an unsecured advance of USD 300,000 from the personal funds of its principal, Mr Thomas J Bender Jr to fund its July 2009 payroll.

The Chapter 11 filing comes after a June 24th 2009 filing by Bender of a verified complaint for injunctive relief against Seacor Marine LLC and Nations Bank. It sought to enjoin Seacor Marine LLC pursuing a June 22nd 2009 presentment for payment of a USD 5 million letter of credit, and enjoining Regions Bank from honoring the presentment.

In a press release, Bender said that it had hoped to avoid bankruptcy, but the filing of the involuntary petition and the effects of that filing on the company forced it to realize that it is in the best interests of its customers, creditors and vendors to reorganize in Chapter 11. The company will continue to operate as a full service shipyard and, under Chapter 11, the company's customers will be protected as to existing and future contracts as well as to the company's performance under such contracts. Bender worked closely with its secured creditors prior to the filing of the Chapter 11 bankruptcy, and believes that they will continue to work with the company.

Mr Tom Bender president & CEO of Bender Shipbuilding said that "I regret very much the impact this decision has on our employees and vendors and the community, but the involuntary petition gave us no choice. I will devote every waking minute to getting us through this process as quickly and painlessly as humanly possible. In the meantime, we will continue to provide our customers the quality service, quick turn-around and attractive prices they have come to expect from Bender over the years."

(Sourced from Marine Log)

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