



TAMPA BAY BANKRUPTCY CENTER, P.A.

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## Oriental Trading Exits Bankruptcy

Last summer, Oriental Trading Co. filed for bankruptcy. After only 6 months, the company has emerged from bankruptcy protection as a smaller but more robust company. Its CEO, Sam Taylor is confident the company will grow profitably as the economy improves.

But back in the fall of 2008, the picture was not so rosy. Oriental had debts amounting to \$720 million, which was largely due to the \$1 billion cost of acquisition of the company by Carlyle Group of New York City in 2006. As time went on, the prices of supplies like imported goods, paper and postage went spiraling upwards. Consumers began tightening their belts and discretionary spending all but dried up.

The company laid off workers down to about 2,000 and reduced expenses, yet did not attain enough sales to keep up with interest payments on its debts. In May 2010, the company could not pay its loans and in August it filed for Chapter 11 bankruptcy protection.

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Last week, Oriental Trading announced that it was exiting bankruptcy with \$220 million in debts, a 70% reduction from its original amount which Taylor said will allow the company to continue operating with profits.

Carlyle Partners owned 68% of the company while Brentwood Associates of Los Angeles, the previous owner owned about 24%. The remaining shares of the company were owned by about 25 individuals or investment companies. After reorganization, the new owners are mostly the holders of the original debt. Taylor declined to specify who they are but said there's now no single majority owner. He intends to name the new board of directors soon in the presence of the new owners.

Taylor said that the recalls of imported toys for safety reasons lately were not why the company filed for bankruptcy, neither were the legal problems faced by former owner Terry Watanabe. Watanabe was indicted over Las Vegas gambling debts and has not been involved with the company since 2000. His charges were subsequently dropped and the case moved to arbitration.

Taylor also commended the staff of Oriental Trading who worked relentlessly despite the recession, adding some 6,000 new products last year, improving the website, stepping up on shipping productivity and winning the approval of its customers. The company counts businesses, non-profit organizations, churches, schools, individuals and teachers as some of its loyal customers. A new database for customers will enable

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Oriental to better target more customers with “the right product, the right catalogue”.

Oriental’s operations have registered profits despite the recession excluding interest payments. Its sales turnover has increased over the last 12 months although it has not attained pre-recession levels yet.

If you have any questions regarding bankruptcy or wish to file for bankruptcy, please call us at (813) 200 4133 for a free consultation.