



## **Mid-Size Company**

### **Transaction of the Year**

#### **Aziz Convenience Stores**

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In a highly contentious and over-leveraged situation involving a business owner lacking sophisticated business and accounting systems, the debtor's professionals successfully simultaneously ran a multi-pronged process to maximize value for the estate. The combined efforts of the debtor's professionals led to a 100 percent recovery to unsecured creditors plus a recovery to equity.

Aziz Convenience Stores, L.L.C., based in McAllen, Texas, was a privately owned and operated, independently branded chain of 28 classic convenience stores and gas stations ("c-stores") located in Hidalgo County, Texas.

Prior to its Chapter 11 filing on August 4, 2014, Aziz had been experiencing unstable revenues due to the economic downturn, high competition, and a high dependency on gas prices. This led to Aziz defaulting on approximately \$27 million of indebtedness to First National Bank of Edinburg (FNE). FNE was subsequently taken over by the FDIC and the FDIC sold Aziz's loans to Plains Capital Bank. At the time of filing, in addition to the bank debt, Aziz owed sales taxes, penalties, and interest to the Texas State Comptroller of approximately \$11 million.

When Aziz filed in the Southern District of Texas, the company listed real property assets valued at \$16.2 million on its petition. On September 11, 2014, the Bankruptcy Court entered an order appointing Douglas Brickley as CRO and approving the retention of The Claro Group as Aziz's financial advisor. On December 18, 2014, the Bankruptcy Court entered an order appointing Keen-Summit Capital Partners LLC as Aziz's investment banker. Negotiated auction bid procedures with the secured creditor obligated Aziz to complete a sale within a certain compressed timetable.

When Keen brought Aziz's business to-market in January 2015, the business was projecting approximately \$3 million of EBITDA. By the March 9, 2015, letter-of-intent deadline, Keen had successfully solicited multiple bids for a 363-sale, a refinancing, and a sale-leaseback. The highest offer at that time was a \$28 million purchase offer by Susser Petroleum Property Company LLC d/b/a Sunoco ("Susser/Sunoco"). An order approving Susser/Sunoco's asset purchase agreement as stalking horse was entered by the Bankruptcy Court on May 22, 2015. On July 20, 2015, Keen conducted a spirited overbid auction amongst three qualified bidders. At the conclusion of the auction, Susser/Sunoco had

submitted the highest and best offer of \$41.6 million followed by a \$41.5 million offer of Circle K Stores Inc. The going-concern sale to Susser/Sunoco closed on August 10, 2015.

Concurrently with the sale process, Okin Adams engaged with the secured lenders, creditors, and taxing authorities, which were fundamental to operate as a going concern. Further, Okin Adams negotiated favorable settlements with the Debtor's primary secured lender and the taxing authorities significantly reducing liabilities. As a result, the Debtor was able to confirm a plan of reorganization providing for a 100 percent recovery to all pre-petition creditors while preserving significant value (approximately \$2 million) for the Debtor's equity interest holders. After approximately 14 months under chapter 11 protection, the Debtor successfully exited bankruptcy.

On November 2, 2015, the Court entered an order confirming Aziz's plan of reorganization.