

Tampa Bay Business Journal - August 18, 2008
<http://tampabay.bizjournals.com/tampabay/stories/2008/08/18/story8.html>

Shop Now for Online Exclusive Offers for Your Business

Available now at verizonwireless.com



TAMPA BAY Business Journal

Friday, August 15, 2008 | Modified: Thursday, August 21, 2008

Credit climate forces La Bonita into bankruptcy reorganization

Promising a happy outcome, filing aids tortilla maker

Tampa Bay Business Journal - by [Robert Yaniz Jr.](#), Editorial Assistant

TAMPA — After nine consecutive years of growth, tortilla manufacturer La Bonita Ole is seeking to reorganize under Chapter 11 bankruptcy protection.

The company, led by President and CEO Tammy Young, filed a voluntary Chapter 11 petition July 16 with the U.S. Bankruptcy Court for the Tampa division of the Middle District of Florida. Don Stichter of Stichter Riedel Blain and Prosser PA is the attorney of record.

La Bonita had 46 employees at the time of filing and 2007 revenue of \$11.2 million, according to the petition. However, despite efforts to seek investors, the company, founded in 1992, was left with “insufficient funds” to address expenses, citing “increased costs and delays in implementing plans.”

“We do believe, had we been in a normal banking environment, our company probably wouldn’t be in the situation we are now,” said Young.

She attributes the loss largely to the company’s aggressive expansion plans in the eastern United States. La Bonita accrued \$1.8 million in “non-recurring sales and marketing expenses,” according to the petition.

Of the more than 100 creditors listed in the Chapter 11 filing, claims by unsecured creditors total approximately \$1.8 million. Lawrence Equipment of California has the largest unsecured claim with a total of more than \$430,000.

The largest secured creditor is SunTrust Bank N.A. with liens of about \$3.7 million. The U.S. Small Business Administration holds a claim of about \$1.14 million, collateralized by plant equipment.

The filing also lists “undetermined amounts” owed to the Hillsborough County tax collector, which will be included in the company’s lease obligations.

La Bonita’s assets total \$5.2 million, including accounts receivable from trade accounts, finished goods, inventory and raw materials, vehicles and office equipment.

A chance to regroup

Young is eager to get the company back on track.

“Those expenses and losses that occurred as a result of that activity were one-time, non-recurring events,” said Young. “Chapter 11 affords us the opportunity to re-capitalize things and provide a stronger foundation for the company.”

In late June, Stichter brought Athena Capital Partners Inc. in Tampa on board to guide La Bonita through the reorganization. Athena Capital’s restructuring and strategic advisory services include operational and financial restructuring, negotiating with creditors and arranging private debt or equity financing.

Also listed in the filing are “substantial expenses” relating to La Bonita’s construction of a 40,000-square-foot production facility near Ybor City, but Young maintains that the plant will ultimately benefit the company. “Our production facility opened up avenues into many other market segments where we can compete, those being food service, product label, co-packing and institutional sales,” she said.

In addition to fostering company growth in these areas, La Bonita raised prices to counter increasing costs. Its products are being sold in Publix Super Markets, Albertsons and Wal-Marts throughout the state.

“This is truly not a rebuilding situation,” said Young. “It’s simply a matter of re-capitalizing the company and continuing on the path to become a national and international company.”

In the meantime, business will continue as usual without interruption, said Young in a letter to La Bonita’s customers.

“Unlike a lot of other companies that file, La Bonita is a solid company that is growing, is profitable and is producing cash flow,” said Kevin T. Cimino, CEO of Athena. “This is going to be one of those happy stories.”

He expects La Bonita to emerge from bankruptcy within six to 12 months.



Young

[View Larger](#)

Young, too, remains optimistic about her company's future. She said that La Bonita retains a "strong market share" and expects a 15 to 20 percent revenue increase in 2008.

"Even going through this situation, I'm still having a lot of fun," she said. "In the end, this story will be about how challenges are overcome by faith, persistence and desire."

ryaniz@bizjournals.com | 813.342.2488

All contents of this site © American City Business Journals Inc. All rights reserved.