

GROWERTALKS

GT in Brief

6/23/2011

Nurserymen's Exchange Files Chapter 11

Chris Beytes

Potted plant specialist Nurserymen's Exchange announced May 23 that it's filing for Chapter 11 bankruptcy protection and is looking for a buyer. The Half Moon Bay, California, greenhouse business, founded in 1941, plans to sell to a "suitable" buyer as well as sell 28 acres of unused land for residential development.

However, COO Justin Dautoff stated in a press release that "... we will continue to operate in the ordinary course of business. Our office and greenhouses will be open, employees will work their usual hours and be paid in the usual way, and we will ship products to our customers on schedule."

CEO Jack Pearlstein stated, "The past few years have been extremely challenging for everyone in the nursery business as declines in disposable income translated into reduced consumer purchasing. As a result, we began a significant operational restructuring two years ago to adjust our production and operations to better meet customer demand in the new economy and to position the company for sale to a strategic or financial buyer. Our results for the fiscal year ending June 20 indicate that we are completing this business turnaround: We achieved sales in excess of projections with most core crops selling out in all major holidays.

We have been actively pursuing a sale to a suitable buyer for the operating business and will continue to do so while we are operating under Chapter 11 protection. With support from our lender and longtime customers and suppliers, it is our intent to make this a fairly quick process so that we can emerge with the right financial foundation on which to build for the future."

In addition to finding a buyer for the business, they're selling 28 acres of residential-zoned land for \$8 million to a Bay area developer to pay down debt. The company's senior lender has committed up to \$5 million in new debtor-in-possession financing.

Customers should see no interruption in the continued delivery of plants and flowers. According to the San Jose Mercury News, Nurserymen's revenue was \$62.7 million in 2010 and \$51.1 million so far in 2011. The company owes \$9.4 million to a variety of creditors, including suppliers in Hong Kong and India, as well as contractors. The greenhouse was the second-largest employer on the Half Moon Bay coast in 2010, but has since laid off nearly half its employees, to around 160 now. **GT**